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NEWS SUMMARY

GENERAL

Rolls clears 'bribes' man

...k Turner, the Rolls-Royce ...utive alleged by Labour MP ... Rooker to have taken bribes ...eturn for placing machine ... orders with an Italian com... y, has been cleared by the ...s-Royce investigation.

... report of the investigation ... been sent to Industry Secre... Sir Keith Joseph. Mr. ...ker refused to comment on ... findings.

... group of Conservative MPs ... seek a Commons investiga... into the allegations if there ...o retraction soon. Back and ...liament, Page 8

...ar plant probe

...r employees of Austin ...ris, a BL subsidiary, have ...igned folowing an investiga... into allegations of bribery ...ongbridge. Back Page

...emirel stays on

...e seven-month-old Right-wing ...ernment of Turkey's Suley...n Demirel unexpectedly won ... vote of confidence in the ...wer House. Editorial Com...nt Page 18

...agan extradition

...ench court recommended the ...tradition of British textile ...llionaire Lord Kagan, wanted ... the UK on charges of theft ...d falsification of documents.

...inancier freed

...rmer City banker and finan...r Ellis Sefllon was freed 24 ...nrs after being jailed for two ...ars at the Old Bailey for a ...bank fraud plot. Judge ...hn Marnan, QC, suspended ... sentence for two years.

...imbabwe debt

...e Government is to write off ...2m owed to it by Zimbabwe ...d will re-schedule a payment ... a further £33m. Back Page

...rms airlift

...S. will begin an emergency ...rlift to Thailand of arms and ...mmunition worth about £1.5m. ...ampuchea famine Page 3

...ope visits slums

...he Pope gave his gold Papel ...ing to a group of slum dwel...ers near Rio de Janeiro on the ...ird day of his Brazilian tour.

...alestine move

...EC Council of Ministers Pre...ent Gaston Thorn will soon ...aunch a European initiative on ...alestinian autonomy. Page 3

...eart man ill

...Andrew Paterson, 22, the Con...ervatvie agent given a new ...eart last month at Papworth ...ospital, near Cambridge, was ...gravely ill after a stroke.

Diver dies

Girl diver from Reading was pulled dead from the wreck of Henry VIII's flagship Mary Rose off Portsmouth.

Wimbledon wins

Evonne Cawley defeated Tracy Austin in their Wimbledon semi-final and defending champion Martina Navratilova defeated Billie-Jean King in a quartsr finsl.

Bound for France

American Alan Jones, 33, plans to swim the Channel from Dover with his hands and feet bound "in order to inspire America's youth."

Briefly . . .

Archibald Hall, serving life at Wakefield jail for five murders, began a second hunger strike.

Hippopotamus attacked and killed its keeper in a zoo at Pusan, South Korea.

BUSINESS

Gold up $3; Sterling eases

● GOLD rose $3 to $663.5 in London.

● STERLING lost 27 points on the day to close at $2.3575. Its trade-weighted index fell to 74.4 (74.5). DOLLAR traded in a narrow range and closed at DM 1.7580 (DM 1.7620). Its trade-weighted index fell two points to 83.3.

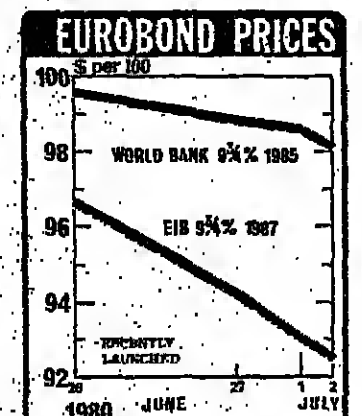
● GILTS rose on hopes of an early cut in MLR. The Government Securities index put on 0.41 to close at 69.50.

● EQUITIES were encouraged by the performance of gilts and the FT 30-share index closed 2.2 u pat 463.6.

● WALL STREET was up 4.52 at 876.79 near the close.

● DOLLAR denominated Eurobonds have been hard hit during the past two weeks. Those which

EUROBOND PRICES



have suffered most are the more recent issues. Page 24

● BRITISH RAIL is examining the options to enable it to stay as near as possible to its £750m cash limit, Sir Peter Parker, BR chairman, said. Back Page

● STEEL industry's biggest union, the Iron and Steel Trades Confederation, says the British Steel Corporation is cutting back too far Back Page

● TESCO, the supermarket group whose tax relief provisions are being challenged by the Inland Revenue, has accused the authorities of "conducting an unfair campaign." Page 6

● BETTER PLANNING of public purchsses could help UK suppliers become more internationslly competitive, Sir Keith Jnseph, Industry Secretary, said in a paper to the National Economic Development Council. Page 5

● ITALIAN Cabinet met to approve measures to stabilise the ecoonmy, boost competitiveness and help shore up the lira. Back Page

● WEST GERMANY'S trade surplus fell to DM 300m (£72.2m) in Msy, its lowest level for almost 10 years. Exports were 4 per cent down on April, and imports 2 per cent down. Page 2

● SAINSBURY supermarket group plans "substantially greater expansion" in the next three years, shareholders were told at the annual meeting. Page 20

● LADBROKE chairman Mr. Cyril Stein had to answer calls from ex-casino employees for an explanation of the group's move out of the gaming business at its annual meeting. Page 20

● GRANADA, the television contracting, programming and rental gronp, reported first-half taxable profits up by 8 per cent to £22.9m on turnover £32.5m higher at £168.7m. Page 20; Lex; Back Page

● BLUNDELL Permoglaze Holdings, decorative and industrial paint and building chemicals manufacturer, reports first-half taxable profits down by £149,500 to £539,717. Page 20

BNOC opposed to North Sea oil price increases

BY RAY DAFTER, ENERGY EDITOR

BRITISH NATIONAL Oil Corporation (BNOC), the main trader of North Sea oil, plsns to hold down UK oil prices despite further increases by African prodncers. The decision reflects the growing weakness of spot market prices.

Nigeria, which in the past has set the pricing trend for the UK, hss raised its reference price to the $37 a barrel ceiling set by the Organisation of Petroleum Exporting Countries (OPEC) in Algiers last month.

Oil companies hsve been told they will have to pay an extra 29 cents a barrel for Nigeria's Bonny Light crude oil. Prices of other grades of Nigerian oil are being raised by corresponding amounts to between $35.73 and $37 a barrel. As with the increases announced by a number of other OPEC members, the new rates apply from July 1.

Nigeria has joined Libya and Algeria in rsising contract levels to the $37 a barrel ceiling. The crudes produced by these three African exporters are of similar quality—and proximity to the msin markets—ss those produced in the North Sea.

In the past, BNOC would have followed the pricing trend, but the corporation has told its suppliers and customers it feels a further UK price increase cannot be justified in the light of weakening spot market prices.

If the UK oil industry had introduced a price rise of, say, 30 cents a barrel, revenue could have risen about $480,000 a day or $175m a whole year.

The UK's North Sea reference crude — from British Petroleum's Forties field—now costs $36.25 s barrel. UK prices last went up by $2 a barrel on May 20 following similar increases from Libya and Nigeria.

BNOC, which controls about two-thirds of the UK oil trade, has asked companies with which it trades to comment on its policy to peg prices for perhaps another three months. Some small producers which sell oil to BNOC may object. But last night it was understood there was no pricing disagreement in the UK industry.

This will please the Government which has been criticised within the EEC for the high level of North Sea prices. It is thought that the BNOC move might demonstrate that the UK is not necessarily a follower of pricing trends, but can also be a pricing moderate.

But it was being emphasised in UK oil circles last night that the decision to peg prices had been taken for commercial, rather than political, reasons. It is understood that a cargo of Nigerian crude oil has already been sold on the spot market for slightly less than the official BNOC rate of $35.95 s barrel.

Elsewhere, some spot market cargoes have recently been sold at prices considerably below the new level of OPEC tariffs. Industry reports indicate that waxy African crudes which cost $39 a barrel on the spot market in December are now being sold for nearer to $35.50.

The falling spot market prices reflect lowered demand and high stock levels. Saudi Arabia, which is still producing at *the high rate of* 9.5m b/d —1m b/d above its preferred ceiling—is demonstrating an increasing influence on the OPEC supply and pricing patterns. The kingdom has still to announce when it will reduce its output, to bring supply and demand more into balance, and by how much it will increase its reference price which, at $28

Continued on Back Page

A NORTH SEA oil group led by Chevron has confirmed an important reservoir ● Oil use in the UK was 14.2 per cent lower between March and May than in the same period last year ● The Government is scrutinising ***tax avoidsnce by North Sea operators.*** **Page 6**

Bonn and Soviet Union set for £3.6bn gas talks

BY ROGER BOYES IN BONN

THE SOVIET UNION is prepared to start negotiations with a West German-led consortium on a DM 15-20bn (£3.6-4.8bn) gas project.

It could prove to be the biggest business deal yet reached betwen Eastern and Western Europe.

Official spproval has come in a comunique issued after the Moscow talks earlier this week, between Chancellor Helmut Schmidt of West Germany and Mr. Leonid Brezhnev, Soviet President snd Communist Party chief.

"Both sides were in sgreement that the preliminary negotiations should begin soon between the relevant concerns on a new project desling with Soviet nstural gas deliveries," the official communique said.

The project's value has been variously estimated at between DM 15bn and DM 20bn. It involves constructing s new pipeline from gasfields in Western Siberia to Western Europe.

In return, the Soviet Union is likely to make available an additional 40bn cubic metres annually over 20 yesrs to Western Europe, of which about 10bn cubic metres of gas per year would go to West Germany.

Exploratory talks between the Russians and a consortium of gas companies from Germany, France, Austria, Holland, Belgium and Italy have been going on since 1978. Formal negotiations could not begin until Moscow had officially decided what it wanted to do with the gas. In Bonn last month, Mr. Nikolai Tikhonov, the Deputy Soviet Premier, suggested that the Soviet Union was still considering whether to keep the gss and export the extra amounts of oil that became available.

However, Dr. Klaus Liesen, chairman of Ruhrgas, which has taken a prominent role in the talks, has said that gas reserves in West Siberia were about 20,000bn cubic metres. The Soviet Union could, thus, well afford to export the projected quantities. There is evidently no objection from the German Government. The Bonn Cabinet recently decided that the Soviet share of German gas supplies could be allowed to expand from the present 16 per cent to an ultimate 30 per cent. This would not represent, it decided, an excessive dependence on Soviet deliveries.

It is understood that two German companies—Ruhrgas and Mannesmann—and the Deutsche Bank will plsy the key roles in the deal. Ruhrgas, West Germany's leading gas importer and distributor, has been striving over the past few years to diversify its source of nstural gas supply.

Mannesmann is likely to be responsible for the supply of the large diameter pipes and the compressor stations. Deutsche Bank would co-ordinate the DM 20bn credit, heading a financing consortium of more than 20 German and overseas banks.

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West Germany's gas supplies, Page 2

Calls to act on Japanese cars

BY NICK GARNETT AND JOHN GRIFFITHS

EUROPE'S LEADING motor msnufacturers are calling for an urgent investigation by the European Commission into increasing Japanese vehicle imports to EEC countries.

At the same time, senior officials of msin UK motor industry unions are planning to meet. They intend to draft a similar approach to the Commission, to be made through the European Metalworkers' Federation.

The manufacturers' request comes in a letter to Viscount Etienne Davignon, Commissioner with special responsibility for industrial affairs, from the Committee of Common Market Automobile Constructors. It is signed by Sir Michael Edwardes, chairman of BL, whose presidency of the committee ended last week.

The letter is based on unofficial estimates showing a msjor jump in Jspanese imports in the first five months of this year on the same period of 1979.

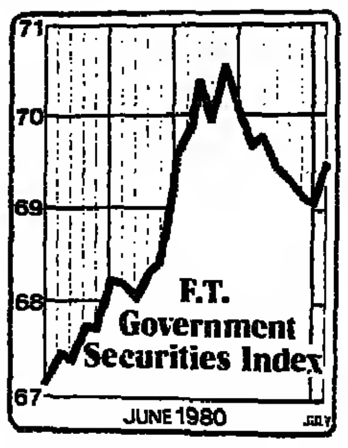
According to these figures, Japsnese car imports to the EEC were 23 per cent higher—at 331,000—in January to May than in the same period last year. This gave the Japanese an 8 per cent market share, compared with 6.1 per cent last year.

The letter says that in the UK, Japanese vehicles took sn average 10.9 per cent of the market last year, but 13.8 per cent last month.

In West Germany, the Jspanese import penetration of 5.6 per cent last year had risen to 10.1 per cent by last month. Corresponding figures for the Netherlands were 19.5 per cent and 29.2 per cent.

Sir Michael says the committee views with concern the "sbsrp nicresse" of Japanese penetration which had to be seen in the context of the general trading imbalance between the EEC and Japan, European unemployment, and depreciation of the yen over the past 18 months.

French motor indnstry, Page 2
Daimler-Benz ontput, Page 25



£1bn tap stock sold out

BY DAVID MARSH

THE GOVERNMENT sold out its £1bn long-dated tap stock yesterday, as heavy demand led by foreign investors drove up gilt-edged prices. The surge of buying reflected fresh hopes of an early cut in interest rates.

The tap issue, 13 per cent Treasury 2000, was sold out at lunchtime. It was the fourth long-term tap exhausted since Easter.

At the start of dealings yesterday, less than £200m of the stock was thought to have been left in the market following the enthusiastic reception when it went on offer last week.

Foreign investors, attracted by the continuing strength of the pound and high yields on UK investments, led the general buying on the gilt-edged market yesterday. There were reports that the tap stock's exhaustion might have been due largely to a single purchase from a big foreign institution.

Long-dated issues finished up to £¾ higher after earlier going ahead by more than £1. The recent spate of partly paid issues met particular demand.

PGE 1 GILTS — 4 †CC

Shorter-dated stocks were up to £½ higher after earlier rising by £½.

The market was buoyed by expectations that Minimum Lending Rate might be cut today, when the Government makes the regular announcement of the rate for the week ahead. It is more likely, however, that the authorities will take no action until the full banking figures to mid-June become available next week.

Slightly lower interest rates on the London money market contributed to a 0.27 cent fall in sterling yesterday. It closed at $2.3575 against Tuesday's $2.3602. It is still however only just over 1 cent below the U.S. five-year high reached in Msy.

THE UK's official gold and foreign exchange reserves fell $112m last month to $28.17bn, mainly because of overseas debt repayment by public sector borrowers. Page 8

Favourable reaction to Ulster plan

BY STEWART DALBY IN DUBLIN

THE INITIAL reaction of Ulster politicians to Government plans to devolve power to Northern Ireland, published yesterdsy, was mostly favourable.

Northern Ireland has been run directly from London since 1972. The long-awaited White Paper envisages that power could be devolved to a new single chamber of about 80 members, elected by proportional representation on a single transferable vote system.

But further talks would have to take place with local political parties before legislation to create an Assembly could be brought into effect, it says.

In a strong statement, Mr. John Hume, leader of the Social Democratic and Labour Party (SDLP), the major moderate voice of the 500,000 Roman Catholic minority in the province, said he welcomed the opportunity for further discussion. His party was always willing to enter into a political dialogue as the only way to restore lasting peace to Northern Ireland.

The Rev. Ian Paisley, the main delegate of the largely Protestant Ulster unionist majority at the three-party conference which led to the White Paper, refrained from condemning the document out of hand. But he warned that any measures giving the minority a veto over the majority would be decisively rejected by the Ulster people.

The strongest condemnation in Ulster came from Mr. James Molyneaux, leader of the Official Unionist Party, although his influence appeared to have been eroded by a decision not to attend the talks that preceded the paper.

The Official Unionists, who include Mr. Enoch Powell, are the largest Unionist party at Westminster, with five seats.

Mr. Molyneaux said any attempt to ressurect a system which had already failed would be decisively rejected. An attempt to set up a system of two executives would be a disaster.

The Irish Government welcomed the idea of further tslks but repeated its view that the problem could not be solved in an Ulster context alone.

It said it wished to see the question rsised to a new inter-governmental level, and considered in the context of closer political *co-operation between* the British snd Irish Governments.

Assuming that the three major parties agree to further discussions, Mr. Humphrey Atkins, Ulster Secretary, hopes to have these talks completed by the summer recess. Legislation could then be introduced in the next Parliamentary session.

The White Paper sets out two schemes whereby a Cabinet-style executive could be formed from the Assembly.

One alternative to a Westminster *majority model* was a system which guarantees a certain number of seats in the executive to any party winning a certain proportion of the popular vote. Thus a party with, for example, 25 per cent of the popular vote would be assured of a quarter of the executive seats.

This would be tantamount to power-sharing between the two communities in Northern Ireland, and is known to be favoured by the SDLP. Mr. Hume has repeatedly said that *the twin goals of his party are* power sharing in the Cabinet, and closer links with the Irish Republic.

Mr. Paisley and the other unionist leaders are adamantly opposed to power sharing at an executive level, and also to closer ties with the Republic.

The prospects for the second alternative are better.

This model envisages an executive formed by the majority party or parties elected in the Assembly and provides no places as of right to the minority psrties. It would be supported, however, by a second body called a Council of the Assembly. This would be made up of chairmen and deputy chairmen of departmental committees.

The chairmanships would be allocated equally between those parties supporting the executive and those opposing it. To be effective any proposition on which the Council had to decide would have to attract 50 per cent +1 votes.

The Council could have delaying or blocking powers over legislation from the Assembly.

Mr. Paisley has not specifically ruled out such a Council. In replying to the Commons statement by Mr. Atkins, Mr. Paisley, MP for North Antrim yesterday confined himself mostly to security matters.

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£ in New York

—	July 1	Previous
Spot	$2.3650-3660	$2.3560-3570
1 month	1.92-1.86 dis	1.80-1.75 dis.
3 months	4.24-4.15 dis	4.20-4.15 dis.
12 months	9.20-9.00 dis	9.15-9.00 dis.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 9½pc 1983	£91½	+ ⅝
Exchеq. 13½pc 1992 (£50 pd.)	£53	+ 1¼
Avana	145	+ 7
Bass	224	+ 4
Berisford (S. W.)	154	+ 8
British Dredging	24	+ 3
Commercial Union	151	+ 5
European Ferries	176½	+ 5
Flight Refuelling	239	+ 7
Freemans (SW9)	116	+ 6
Guardian Royal Ex.	300	+ 8
Hay's Wharf	272	+ 32
Hill Samuel	125	+ 7
Land Securities	336	+ 11
Legal and General	196	+ 7
Lndn. Merchant Scs.	146	+ 7
Prudential	216	+ 8
Ropner	97	+ 9
Sidlaw	112	+ 7
Thorn EMI	398	+ 8
Wilkinson Match	142	+ 13
Allstate Expln.	100	+ 15
Cons. Gold Fields	545	+ 8
Falcon Mines	720	+ 30
Greenvale	107	+ 12
Haoma Gold	172	+ 15
Kloof	£13¾	+ [illegible]
Messina	210	+ 10
Monarch Petroleum	52	+ 8
North West Mining	158	+ 11
RTZ	440	+ 10
Rustenburg Plat.	241	+ 21
Selection Trust	£12	+ 1
Spargos Expln.	36	+ 6
Welkom	763	+ 21

FALLS

Comet Radiovision	83	− 4
GEI	70	− 4
Ladbroke	160	− 6
Strata Oil	103	− 11
Valiant	100	− 5

CONTENTS

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How Russia may plug the holes in West German energy policy

BY KEVIN DONE IN FRANKFURT

THE AGREEMENT between West Germany and the Soviet Union on future economic co-operation means that the Federal Republic and a group of other West European nations can look to the Soviet Union and Norway to sell them more natural gas, plugging the huge holes in supplies torn by the Iranian revolution and by a change of policy in Algiers.

Iran, under the Shah, entered a firm commitment to supply 11bn cubic metres of gas annually, beginning next year, pumping it through a pipeline acros the Soviet Union.

Algeria, from the mid-1980s, was to supply 17bn cubic metres of liquefied natural gas by tanker, but is rethinking its gas export policy. Work has already begun on engineering plans for a re-gasification plant at Wilhelmshaven, on the German North Sea coast. But Algeria now favours an alternative proposal for creating pipeline capacity across the Mediterranean in addition to the pipeline to Italy already under construction.

Ruhrgas, one European company which concluded an agreement with Algeria, admits openly that it is questionable whether the existing agreements will be fulfilled in anything like their original form. The other customers were Salzgitter and Thyssengas of West Germany, Gasunie of the Netherlands, BEB, a joint German affiliate of Shell and Exxon, and Deutsche BP, German affiliate of British Petroleum.

The Russians have this week signalled a readiness to step into the breach, saying that they could open fields in western Siberia from which West Europe could draw about 40bn cubic metres a year. A quarte of that could go to West Germany. Under arrangements already in force, the Soviet Union last year supplied West Germany with some 10bn cubic metres. Another 11bn cubic metres went to Italy, Austria and France, though the close-meshed European pipeline system. The enhanced supplies now being talked of would require an antirely new pipeline of 2,800-3,100 miles, costing perhaps £4.8bn.

Norway already supplies West Germany with some 10bn cubic metres of gas a year from the Ekofisk fields. A move is expected in the Norwegian Parliament early in 1981 which could make available another 20bn cubic metres. A consortium of German, French, Dutch and Belgian gas importers is pushing hard for that gas, in competition with British Gas.

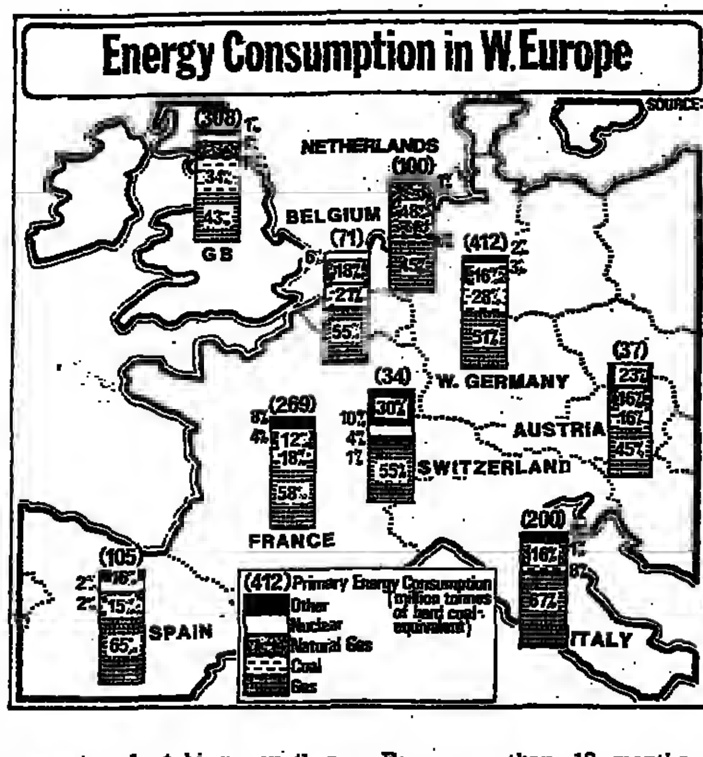
> Iran and Algeria were to supply 28bn cubic metres a year of natural gas to West Germany. Iran's revolution and policy changes in Algiers made Bonn look elsewhere.

Nigeria is another possible new aource of supplies. A consortium of companies from six European countries has signed preliminary agreements which could provide about 8bn cubic metres of liquefied natural gas a year from West Africa, beginning in 1984 or 1985. A similar amount would become available for export direct to the U.S. After Iran and Algeria, European gas company executives are cautious about the Nigerian prospects: Dr. Klaus Liesen, chairman of Ruhrgas, observed drily: "We have known for some time that there are contracts of different character."

Working in close co-operation, Continental gas companiea bave built an impressive network of gas distribution trunk lines across Europe, from the Norwegian North Sea to the Mediterranean in one axis, and from the Czechoslovak bordar to the French Atlantic coast on the other.

Some weeks ago, ministers and officials from West Germany, France and Austria, and their counterparts from the Soviet Union, gathered on the Czechoslovak-Austrian horder at Baumgarten for the inauguratinn of another section of the European gaa system completed earlier this year. Two new sections of the trunkline network, built by joint venture companies formed by Ruhrgas, OMV of Austria, and Gaz de France, now run some 245 kilometres across northern Austria, and then a further 630 kilometres acrosa aouthern Germany to the French border.

It cost more than DM 1bn (£242m) to build the German sectioo alone. For parts of its length it has a diameter of 120 cms, making it the largest pipeline yet laid in Western Europe. But as a result of Iran's decision to cut oil and gas exports, the pipeline will operate at only balf its designed capacity.



Not surprisingly, Bonn baa looked with some care at the prospect of taking another major portion of its energy needs from the Soviet Union, but even during tha recent months of extreme political tension in East-West relations, it did nothing to hinder discussions on gas supplies which German companies hava been conducting with Moscow. The recent visit to Bonn by Mr. Nikolai Tichinov, the Snviet Deputy Premier, set the scene for this week's meeting of the West German and Soviet heads of state, which has npened the way to serious negotiations for a major supply contract to Western Europe.

For more than 18 months, Ruhrgaa has headed a consortium including Thyssen Gas and BEB from West Germany, and the national gas importers from Austria, France, the Netherlands, Italy and Belgium, which baa waited patiently to be brought to the starting line of negotiations.

Earlier this year, Herr Helmuth Buddenberg, chief executive of Dautscha BP, announced brashly that his company was also holding talks independently with Moscow on a gas export project. But it now appears that Deutscke BP haa started negotiations with the other German gas companies to join the main consortium, and it is probable that it will give up its individual bid.

Deutsche BP has been something of an irritant for West Germany's gas companies in recent months. Despite its 25 per cent bolding in Ruhrgas, it has made repeated efforts to break into the Federal Republic's lucrative gas industry on its own account. It already holds one of the ill-fatad contracts with Algeria for liquefied natural gas, and has also struck ont alone in seeking to secure its own future supplies from Norway. Its only success has been to take under contract the limited supplies offered by the small Ula Field being developed in the Norwegian sector of the North Sea by a consortium led by Deutscha BP's parent company, British Petroleum.

This contract itself has created great controversy in the West European gas industry, because Deutsche BP has conceded the principle, apparently for the first time in a European gas contract, of "crude oil parity pricing." Under the Ula Field agreement, gas prices paid by Deutscba BP to the BP consortium will escalate in line with world nil prices. Other West German contracts with the Soviet Union, Nnrway and the Netherlands, for example, allow part-escalatinn only in line with the price of heating oil, gas's main competitor fuel. Gas importers are now deeply worried that the precedent set in Europe by Deutsche BP will he followed by other producer countries. Deutsche BP, for its part, argues that the Ula Field was a special case and that Japanese gas buyars had in any case already given in to Middle East demands for crude oil parity pricing.

However the argument develops, it is sure that continental gas consumers are going to have to pay much more for their gas. Prices across Germany are going up by 10 to 30 per cent, and Ruhrgas is still facing demands for more from its major Soviet and Dutch suppliers.

Last year, natural gas provided some 17 per cent of West European primary energy consumption. West Germany itself has been pursuing the hope that last year's supplies of 60bn cubic metres, or 16 per cent of its total energy needs, could increase to more than 83bn cubic metres a year by 1990, enough to meet 18 per cent of primary energy consumption. If that goal is still to be reached early agreement will have to be reached with potential prodncer countries, as it takes at least four to five years to build a supply system. The Soviet invasion of Afghanistan shows the scale of the political risks, but Dr. Liesen of Ruhrgas remains optimistic: "Not every contract already agreed will be realised," be admits. "But neither will every project founder which today we hold to be realistic."

Schmidt visit underlines Bonn's growing influence

BY JONATHAN CARR IN BONN

WEST GERMANY'S growing political weight within the Atlantic alliance bas been underlined strongly by Chancellor Helmut Schmidt's talks this week in Moscow

While Bonn stressed it bad no mandate to speak for the whole alliance, many observers in Moscow believed none the less that this was very much what Herr Schmidt was doing.

Although a bilateral economic accord was signed during the visit, the Chancellor's discussions concentrated on world political issues, including Afghanistan, Iran, arms control and North-South problems.

His public speech at a Kremlin banquet, condemning the Russian invasion of Afghanistan, was interpreted as an unusually frank declaration of Western policy, and was treated as such by the Soviet side. Both the Soviet news agency Tass and the party newspaper Pravda took Herr Schmidt sbarply to task for allegedly presenting a one-sided picture of key problems, such as the East-West missiles rase.

This was in marked contrast to the course of Herr Schmidt's previous visit to Moscow in 1974 when bilateral issues predominated, and is felt to reflect three factors.

One is Herr Schmidt's conviction that East-West communication is essential, especially in times of crisis, and his dismay that there have been only limited contacts between the super-powers since the Afghanistan crisis began.

The second is the growing political role Bonn bas been prepared to assume over the past few years, symbolised in particular by the West German presence at the Guadeloupe summit meeting with the United States, Britain and France early last year.

The third, linked to the second, is widely seen as the particular competence of Herr Schmidt as a former Finance and Defence Minister to follow through the detailed arguments on matters like East-West arms control, as well as controlling broad policy.

This was emphasised hy the Chancellor's two-hour meeting in Moscow on Tuesday with the Soviet Defence Miniater and his deputy. Herr Schmidt requested the meeting to specify his views on the imbalance created by Moscow's continued development of SS-20 missiles and the Backfire bomber.

It is recognised in Bonn that the broader role the West Germans are playing carries risks, but these are felt to be less than those involved in failing to assume the responsibility.

One fear is that there could be increasing rivalry with the U.S., whom the West Germans clearly accept as leader of the alliance but whose foreign policy course they often feel to be erratic.

Herr Schmidt feels his talks in Moscow bave brought signs of an end to the East-West deadlock over negotiation on intermediate-range nuclear missiles.

He has not yet publicly stated what be sees as the new element. But a major question for Bonn is whether President Jimmy Carter will be ready to follow a negotiating avenue revealed through talks by Herr Schmidt on a Moscow visit about which the U.S. was never enthusiastic.

Kampuchea attacks U.S. in Moscow

MOSCOW—Hun Sen, Foreign Minister of the Heng Samrin Government of Kampuchea, yesterday denounced the U.S. decision to send arms and ammunition to Thailand, and accused Washington of seeking to increase tension on the Thai-Kampuchean border.

On Tuesday President Carter ordered an airlift of $3.5m-worth of weapons and ammunition, already ordered and paid for by the Thai Government, to be sent to Thailand to help defend its borders against attacks from Vietnamese-led forces.

Hun Sen's visit to Moscow coincided with the presence in the Soviet capital of three of Vietnam's leaders. Le Duan, Vietnamese Communist Party chief, Prime Minister Pham Van Dong and Deputy Prime Minister Vo Nguyen Giap are believed to be baving talks with the Kremlin.

Bangkok had tried to use its "voluntary refugee repatriation" scheme to infiltrate into Kampuchea armed groups loyal to the ousted Pol Pot Government, be claimed.

The Kampuchean Government had "used its legitimate right to defend the country."

Reuter

SENIOR SOVIET LEADER IN BUDAPEST

Tough talking on two-way trade

BY PAUL LENDVAI IN VIENNA

SENSITIVE QUESTIONS of pricing and delivery commitments are expected to be at the centre of talks which Mr. Konstantin Katushev, the Soviet Deputy Premier in charge of Comecon affairs, is bolding with Mr. Jozsef Marjai, his Hungarian counterpart. Mr. Katushev arrived earlier this week in Budapest for the second round of talks in less than two months. Mr. Marjai, who has the reputation of being a tough negotiator, visited Moscow in May for talks abont the mutual adjustment of plans.

With Hungary shifting to a domestic prices policy reflecting world market prices, the Press bas begun to inform the public of the difficulties in Hungarian-Soviet trade. It is admitted openly that Soviet imports fell from 37 per cent of the total in 1968 to an average of 30 per cent in the 1970s.

Last year the Soviet Union accounted for 29.3 per cent of Hungarian imports and took 28 per cent of its exports. Excluding the effect of inflation, bilateral trade in future is likely to rise "at a considerably lower rate than in the past." according to the economic weekly Figyeloe.

But it is not the rate of growth but the pricing mechanism for products which can only be bought for bard currencies which is causing increasing problems. The Soviet Union bas already told Hungary and the other Comecon members that fuel and oil deliveries will not increase above the 1980 level for the next five years. This year the Soviet Union is supplying 7.5m tons of crude at the preferential Comecon price based on the average OPEC price over the last five years and a further 1m tons for hard currency at current market prices.

Higher prices

Apart from buses, Hungary primarily exports farm products and consumer goods. Hungary should increase its deliveries of fresb fruit from this year's 300,000 tons by 40 per cent between 1980 and 1990. Tinned vegetable and fruit exports should rise by 45-50 per cent and wine deliveries should also go up by 65 per cent.

Hungarian exports, however, want higher prices for their goods. As Nepszava, the union daily newspaper, hinted last week, farm products bave increasingly become strategic goods for such basic exporters of farm products as Hungary. Comecon countries hava been forced to spend a lot of bard currency on farm imports after a disappointing 1979. "The price and credit mechanism shonld be developed in a way which would stimulate the exports of food products within Comecon," the paper said.

Though no details are ever published about pricing debates and methods, it is no secret that Hungarian exporters feel they have been put at a disadvantage. The Soviet Uninn provides 76 per cent of the oil used in Hungary, 27 per cent of natural gas, 23 per cent of electricity and about half the aluminium. But, in addition to farm goods Hungary also exports pharmaceuticals, buses, alumina, clothing, knitwear and machinery.

But this kind nf two-way trade (chemicals for chemicals, machinery for machinery) is causing increasing problems for the Hungarians whose foreign trade mechanism and export finance is much more sophisticated and daring than those nf the Soviet Union. "In theory the rouble is transferable, bnt in practice it cannot be converted into any goods," Nepszava complained.

During the first five months of this year, Hungary managed to achieve stunning successes in trade with the hard currency areas. Exports to the non-rouble regions jumped by 20.5 per cent while imports from the same area fell by 8 per cent. Hungary is obviously finding it easier and simpler to trade with the capitalist west than with its fraternal Comecon partners.

Hard bargain

Faced with the need for economic retrenchment, Hungary intends to drive a hard bargain. Without in any way raising doubts about their total loyalty to Soviet foreign policy, Hungarian economic policy-makers are no longer afraid of holding their ground in bilateral trade and co-operation talks.

Both Mr. Marjai, a former Hungarian ambassador in Moscow and Mr. Lajos Faluvegi, the new Vice-Premier and planning chief, are experienced negotiators. Mr. Katushev will have to take greater account, therefore, of Hungary's wishes and problems than has been the case in the past when

W. German trade surplus lowest for decade

BY ROGER BOYES IN BONN

WEST GERMANY'S trade surplus fell to DM 300m (£72m) in May, the lowest level for almost 10 years, despite a slight improvement in the price of key imports. Although the long-term erosion of the surplus has been largely the resnlt of a huge oil bill, the preseot drop appears to be due to flagging export sales.

The Federal Statistics Office said yesterday that West Germany exported DM 28.9bn worth of goods in May, 4 per cent down on April. Meanwhile imports—influenced among other things by a slackening in the oil price—reached DM 28.6bn, a fall of 2 per ceot compared with April.

This left a surplus of DM 300m, the lowest since August, 1970, although the January surplus of DM 360m was close to this level. However, the January figure was mainly caused by high imports, whereas the fall in the May surplus seems to reflect a new trend: a tangible slowdown in foreign orders to manufacturing industry.

The rapid whittling away of the visible surplus over the past year—once more tban adequate to cover the traditional deficit on services and overseas transfers—is apparent in the figures released yesterday. The May import figure is 14 per ceot above the figure for May, 1979, almost solely because of the deterioration in the terms of trade for West Germany, which is heavily dependent on imported raw materials and oil.

The current account—grouping trade, services and transfers—was DM1.4bn in deficit in May, compared to DM2bn last month and DM700m in May, 1979.

It is not clear how much comfort West Germany can take from the slowdown in May's import prices because at least part of this appears to be due to seasonal factors. Thus, imported fresb vegetables were 11 per cent cheaper in May than in April. But there is some reassurance in the 3.2 per cent drop in the oil price over April and 7.1 per cent fall in the cost of refined non-ferrous metals.

Meanwhile, the Economics Ministry's latest monthly bulletin, says that despite a distinct slackening in domestic orders, in private consumption and in export sales, West Germany is not heading for a recesssion.

The report stresses that the economy has great stamina and ahould be able to bounce back after a slowdown in the second balf of this year. First quarter growth was 5.5 per cent, partly an extension of the favourable 1979 climate and partly the result of rapid stockpiling in manufacturing industry.

However, orders received in April by manufacturing industry fell by 4.5 per ceot, the first concrete sign that the economic honeymoon of the first quarter was over. Apart from flagging demand and production, the Economics Ministry also make clear that prices rises are causing considerable concern.

The slowdown in import prices—18.2 per cent more in May against 22.1 per cent in April—will be of some comfort to the Bundesbank, which has been trying to fight domestic non-imported inflation with tigt monetary policies. The high interest ratea involved, however, are beginning seriously to worry the construction industry, which in many ways acts as the barometer of the economy.

Anti-EEC sentiment rises in UK

By John Wyles in Brussels

ANTI-EEC sentiment in the UK is stronger than at any time since Britain joined the Community—almost half the population now believes membership "a bad thing." This is one of the conclusions of the latest Community-wide survey of public opinion published by the European Commission.

The poll indicates that the British are the least enthusiastic members of the EEC with only 23 per cent believing in the advantage of membership and 49 per cent against.

The survey, conducted in April, shows a major swing in British opinion during the preceding 12 months, which saw Britain locked in conflict with its partners over the size of its budget contributions. In April 1979, 33 per cent of tha sample still believed membership a good thing while 41 per cent held the opposite view.

But there bas been a decline in the EEC's popularity throughout the Community with 55 per cent of respondents believing it beneficial compared with 58 per cent last October, and 59 per cent last April. After the UK, Denmark is the most critical with only 33 per cent bolding a positive view.

Paradoxically, the idea of European integration still has majority support in all countries except Denmark. Throughout the Community some 73 per cent are very much in favour of integration, including 59 per cent in the UK.

On other topics the British (39 per cent) and the French (42 per cent) are the most pessimistic on the chances of war, believing them to be better than 50 per cent.

Peugeot to shut two plants for week as car output plummets

BY TERRY DODSWORTH IN PARIS

THE DEEPENING recession in the French motor industry, underlined by a fall in production of almost 23 per cent in May, is forcing Automobiles Peugeot to shut two of its main car plants for seven days during July and August. Peugeot's decision follows similar steps earlier this year at Talbot and Citroen, the other constituents of the Peugeot SA group (which has recently changed its nama from PSA Peugeot-Citroen).

Citroen is expected to cut back still further soon, although it bas strongly denied union rumours that it is considering making up to 10,000 workers redundant.

These awingeing reductions in the Peugeot group contrast sharply with tha performance at Renault, the nationalised vehicle-producer, which has expanded its output in the past five months. With a production increase of a little over 15 per cent. Renault has virtually made up the declina at Peugeot, where overall group output has fallen by almnat 16 per cent.

Renault's vitality this year means that nverall French car production has only registered a slight decline from the record figures achieved last year, falling by about 3 per cent to 1.39m units in the first five months. But the sudden daterioration of sales which emerged in May, when the French market slumped by almost 24 per cent, could well pose problems for Renault aa well in the second half of the year.

Most forecasters are convinced that May's sharp reversal will he followed by a steady fall in registrations during the rest of the year as France follows the U.S. and other Western European countries into recession. A recent study by the French national statistical office indicated a significant fall in car buying intentinns among the public.

Peugeot has already admitted that this setback will mean a disappointing year for the group. At the recent shareholders' meeting M. Jean-Paul Parayre, the chairman, said that the three production branches of the company were unlikely to produce as much as last year. This would mean that the group's financial results would also stagnate at around the same level as achieved in 1979.

Renault has so far shown much more optimism as its output has grown to about half of total French production and its sales surpassed those of Peugeot, Citroen and Talbot combined. With a more effective small car range, in particular its R5 model, it has benefited from the swing away from larger, less economical models.

Another Swedish nuclear station begins fuelling

BY WILLIAM DULLFORCE IN STOCKHOLM

TECHNICIANS HAVE begun loading the third power station at Sweden's Ringhala aite with nuclear fuel rods—two years behind schedule. This is the second nuclear station to be fuelled after the national referendum in March in which Swedes voted to complete the 12-reactor nuclear power programme.

A fourth power station at Ringhals is completed but loading will have to be postponed until the state power board can recruit aufficient ataff to man it. The delays to the nuclear programme and the public opposition which culminated in the referendum have reduced drastically the number of technicians seeking jobs

The earliest date at which Ringhals 4 can now come into commercial operation is Nnvember, 1982. Ringhals 3, the 915 MW pressurised water reactor on which loading started yesterday, is scheduled to be operating commercially by next February.

This reactor is the eighth of the 12 authorised by the referendum and the second to be loaded after it. The first, Forsmark 1, waa loaded in April and has been supplying electricity to tha Swedish network on an irregular basis. It, too, should be fully operative by February, 1982.

The companies operating the nuclear power stations at Ringhals and Forsmark have filed claims with the Government for compensation totalling SKr 2.5bn (£257m) for losses arising from the delays to the national nuclear power programma.

New call on EEC nuclear plants

BY JOHN WYLES IN BRUSSELS

FRESH ATTEMPTS are likely to be made within the EEC during the next six moaths to boost environmental priorities in the siting of nuclear power stations, despite determined opposition from France.

The efforts are likely to centre on two proposals which the European Commission has already sent to the Council of Ministers aimed at removing friction betweeo EEC member states over the siting of nuclear power atatioos close to common frontiers.

Much of the fresh impetus is expected from the Luxembourg Government, which will occupy the Community Presidency until the end of the year

Having decided for environmental reasons against building a plant of its own on the River Moselle, Luxembourg was incensed by a French decision to construct four nuclear plants of 13,000 megawatts at Cattenom on the Moselle, close to the Luxembourg border.

M. Pierre Werner, the Luxembourg Prime Minister, yesterday discussed the Cattenom dispute and the broader nuclear environmental issue at a meeting here with Mr. Roy Jenkins, the Commission President, and the Commissioners responsible for Energy and the Environment.

Luxembourg is expected to use the power of the Community Presidency to push Commission proposals for prior consultation between member states, when they opt for a border location for a nuclear power plant.

In addition, broad support will be sought for a Commission directive, which would require EEC Governments to provida neighbouring countries with assessments of damage that could be caused across frontiers by planned nuclear reactors.

Both proposals are opposed by France, which will resist any move that could delay its ambitious nuclear programme. France claims that it is as environmentally concerned as any other country, and insists that all necessary precautions are taken in plant construction.

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Thorn to launch Palestinian initiative soon

BY DAVID TONGE

THE EUROPEAN initiative on the Palestinian issue which has been the cause of differences between the U.S. and the European Community, is to be launched in the Middle East soon by Mr. Gaston Thorn, president of the EEC Council of Ministers.

Lord Carringtmn, British Foreign Secretary, told the Commons Select Committee nn Foreign Affairs yesterday that Mr. Thorn will "go, perhaps with others, quite soon." He is likely to visit the Palestinians, including the PLO, Israel, Egypt and Lebanon, and probably Jordan and Saudi Arabia, to seek agreement to two principles: the rights of states to live within secure borders, and the rigbts of the Palestinians.

Lord Carrington'a statement, which awaits a formal offer by Luxembourg which now holds the presidency nf the Community, came as Egyptian and Israeli negotiators prepared in Washington tn discuss the resumption of talks over the vexed issue of Palestine autnnomy within the Camp David framework.

Although the U.S. Administration was at first critical of the European initiative at its announcement at the first Venice summit last month, it appears ready to allow the Europeans to take over the stage during the period of idleness enforced by the U.S. elections.

Lord Carrington said that be believed the U.S. Administration understood that the EEC initiative was not designed to cut across the Camp David process. The autonomy talks were stalled and had just received a further setback in the dispute over Jerusalem, he added.

He insisted that tbe EEC did not wish to make things more difficult but was concerned to "prevent a situation when nothing seems to be happening fnr a variety of reasons."

"I don't think Europe believes that on its nwn it can solve the problem. A aettlement must involve the U.S."

So far, the response of Israel to the Venice initiative has been outwardly bostile while most Arab states, including the PLO, bave insisted that it falls well sbort nf their aspirations.

Why famine threatens Kampuchea again

BY KATHRYN DAVIES IN BANGKOK

THE INTERNATIONAL relief effort in Kampuchea was thrown lntn total disarray hy last week'a Vietnamese attack across the Thai border. If the "landbridge" operations, abruptly ended by the fighting, do not resume soon, there are fears of widespread starvation again among the Kampuchean people.

The attack hes also increased the tension between the Thai authorities and relief organisations which arose as a result of the "voluntary" Kampuchean repatriation programme.

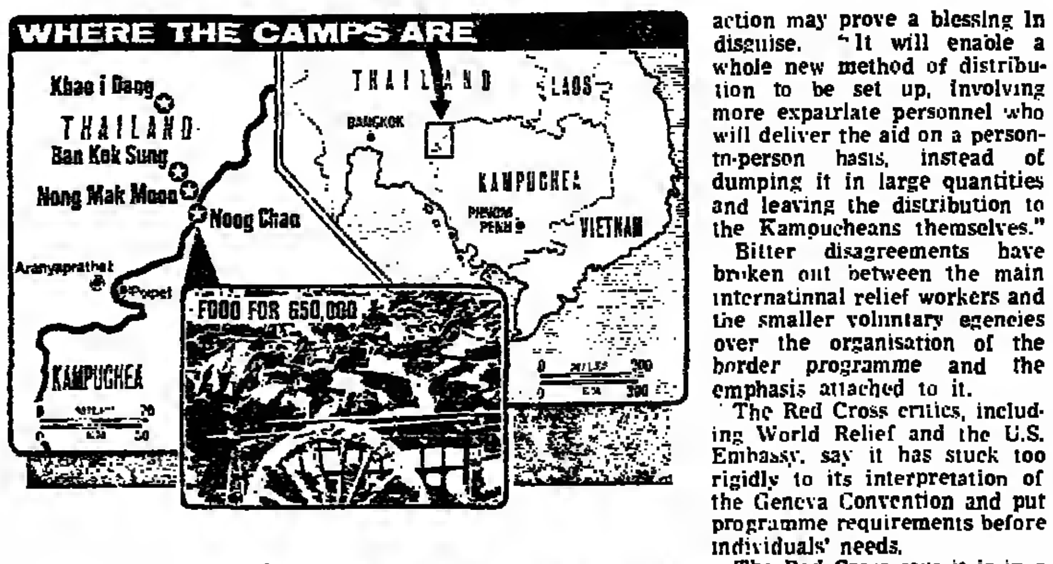
Also, the ambivalent Thai attitude towards relief flights to Phnom Penh from Bangkok during the past week have emphasised the political aspects of Western aid to Kampuchea.

Caught in the latest crisis are some 166,000 Kampucheans displaced by the fighting and now unwelcome guesta on the Thai aide of the border. Some had only just been repatriated from the 130,000-strong refugee camp at Khao i Dang, 30 kilometres from the eastern Thai town nf Aranyaprathet. The Kampucheans are temporarily boused in fragile tents of blue plastic sheeting slung over bamboo poles in water-logged rice paddies. Some 25,000 of *them have already been moved* by the Thal armed forces, ostensibly to higher ground, but in fact to the "wrong" aide of a Thai tank trap, and therefore in the front line of any future Thai-Vietnamese confrontation.

The Thai-Kampuchea border north of Aranyaprathet is known to local journalists as "Indian country." Apart from the official crossing-point of Polpet, much of the frontier is unguarded no man's land, where people have traditionally crossed almost at will. Befure the Vietnamese occupied Phnom Penh in January last yeer, Khmer Rouge soldiers frequently raided across the border, nften killing Thai villagers in their search for food and supplies. On the uther hand, a flourishing black market took local Thais into Kampuchea, where they sold rica and cigarettes.

People close tn the horder are ethnically similar, can cnmmunicate in Khmer, and share the same hardships, most notably the extremes of the tropical climate — such as drought and, as ln the present rainy season, floods, which cut off whole villages for days at a time.

Relief workers have been forced to ehandon schedules for feeding the hungry, relying instead on a day-to-day programme: They distribute two days' fond to as many people as they can find. But the encampments sprawling across the Thai-Kampuchean border, previously used as distribution centres, are now empty. The Vietnamese have effectively sealed the border, and the thousands deep inside Kampuchea who rely on international aid via the land hridge can nn longer be provided for.



Unicef, which with the International Red Cross has been regulating the border operation, says that the main land bridge of Nong Chan, 30 kilometres from Araoyaprathet, it was feeding between 6,000 and 20,000 "residents," giving rice and rice seed to 90,000 Kampucheans at the border. Unicef presumed these supplies reached up to 650,000 people in the Kampucheao countryside.

But not all aid agencies believe the abrupt end to this source of supply will cause a famine. Mr. Aymon Frank of the Red Cross says rumours of a Vietnamese offensive circulated in Nong Chan in early May, just after a 15,000-ton rice seed programme had been completed. A further 7,000 tons was then promised. "Seven hundred ox carts which had been waiting fnr a week collected the last of this rice seed and left for the interior the day before the Vietnamese incursion. It was obviously a factor in Vietnamese thinking," Mr. Frank says.

If the rice seed has been planted quickly, the harvest should provide at least minimal nutrition in eastern Kampuchea over the coming weeks. Mr. Gary Johnstone, of the U.S. volunteer group World Relief, hopes that by then the land bridge will re-open. Moreover, he believes the Vietnamese action may prove a blessing ln disguise. "It will enable a whole new method of distribution to be set up, involving more expatriate personnel who will deliver the aid on a person-tn-person basis, instead of dumping it in large quantities and leaving the distribution to the Kampucheans themselves."

Bitter disagreements have broken out between the main internatinnal relief workers and the smaller voluntary egencies over the organisation of the border programme and the emphasis attached to it.

The Red Cross critics, including World Relief and the U.S. Embassy, say it has stuck too rigidly to its interpretation of the Geneva Convention and put programme requirements before individuals' needs.

The Red Cross says it is in a apecial position and has to comply with basic principles. "The aid agencies have accepted many things which were not acceptable," says Mr. Frank. "For example, the presence of armed elements in the refugee camps."

It is true that armed Khmer Serei (Free Khmer) guerrillas wander nonchalantly around the temporary camps on Thai soil unchallenged by Thai guards.

Because of this, the Red Cross, whose relations with the Thai Government are less than cordial, is re-evaluating its aid programme and may transfer its main effort to Phnom Penh.

The political question facing donnr countries, like the U.S. and members of the European Community, is that such a switch of emphasis would inevitebly improve the standing of the Heng Samrin Government. Western diplomats argue that the Vietnamese and their proteges have provided no convincing evidence that the aid going intn Phnom Penh and the port of Kompong Som is being properly distributed. Some say it is doing no more than feeding the Heng Samrin administration.

Aside from humanitarian cnnsiderations, the virtual end of the border operation wnuld go against the political grain for critics of the Vietnamese presence in Kampuchea.

The Vietnamese have already successfully stopped the repatriation of refugees — or illegal immigrants as the Thais choose to call them — presumably a main objective of its attack on Thai troops.

Aid officials say they expect more Kampucheans who fled during last week's fighting to arrive in the makeshift camps in Thailand. The rains are still falling, worsening the already deplorable conditions.

For the time being, the relief agencies have patched up their differences to deal with this latest emergency. But the past 10 days have once again demonstrated the enormity of the political and logistical prnblems which have yet to be solved if the Kampuchean race is to survive.

Tehran-Istanbul rail link is reopened

BY P. COCKBURN IN TEHRAN

THE IRANIAN Government has succeeded in reopening to traffic the main railway line from Tahran to Istanbul and Western Europe, two and a balf months after it waa first blocked by Kurdish guerrillas.

The opening of the rail line will ease some nf Iran's import problems and allow 2,400 railway wagons waiting on the Turkish side of the border to be discharged in Iran.

Government forces recently cleared the 16-mile Qotur valley of rebels led by a Kurdish chieftain, Sannar Mahmadi, who belongs to the principal rebel organisation, the Kurdish Democratic Party. He leads an estimated 1,000 guerrillas, and the rail link may prove difficult to defend against hit-and-run attacks.

Over the last week, work has been going on to repair sections of track destroyed by the Kurds and the first train crossed the horder lnto Iran late yesterday. Some other Iranian rail services are being closed so extra locomotives and wagons can be used on this route.

Tehran has given priority to increasing the capacity nf road and rail links via Turkey and the Soviet Union ever since U.S. and EEC sanctions were introduced. Two-thirds of Iran's imports last year came through the Gulf ports of Bandar Abbas and Bandar Khomeini.

Importers are also relieved that the main road route linking Iran to Western Europe via Turkey re-opened yesterday after four days' closure, following the murder nf a Turkish truck driver in Iran.

The driver was killed and his truck set on fire during a fight at a petrol station at Maku, near the main border crossing-point of Bazargan, which was subsequently closed. Turkish drivers refused tn enter Iran unless their security was guaranteed.

Importers say the Soviet Unlon is willing to send 200 railway wagons a day through its border crossing polnt at Julfa, but at present, Iran can only cope with 100.

Our Tehran Correspondent adds: A strike by doctors protesting at the execution of a colleague, Dr. Ismail Narimisa, in the sonthern city of Ahvaz on Monday, achieved only limited success in Tehran yesterday.

The strike, the first such general protest against the decision of a Revolutionary Court, received mtal support in only a few of the capital's hospitals. Several doctors said the strike was strongly opposed by workers and fundamentalist Islamic Societies within the hospitals, who persuaded many doctors to return to work.

India rejects Chinese border peace package

BY K. K. SHARMA IN NEW DELHI

INDIA YESTERDAY rejected China's package proposal to settle the long-standing border dispute between the two countries, but left the door open for serious talks on the issue which has soured Sino-Indian relations for more than 20 years.

An early resolution of the dispute is unlikely but, for the first time, both countries are showing signs they would like to settle the dispute over which India and China went to war in 1962.

The Indian rejection of China's proposal came in a statement to Parliament by Mr. P. V. Narasimha Rao, External Affairs Minister, in which he said: "We should proceed meaningfully, while also keeping our best interests in mind."

China bad proposed on June 21 that both sides make concessions, with China giving up claims in the eastern sector and India abandoning its western sector claims. In effect, this meant suggesting the line of actual control as the border, since India already administers the State of Arunachal Pradesh, which China claims, while Peking has occupied tha northern part of Kashmir, through which it has built a strategic road to Pakistan.

The Indian Minister said China had made similar proposals before, but "this time it is somewhat more precise." He rejected the Chinese claim that the package proposal involved concessions by China but added: "Nevertheless, we welcome the prospect of the eastern sector being settled without any particular difficulty."

A major problem the Indian Government will face in reaching a compromise over the dispute is getting approval from the people and Parliament.

● Despite mounting pressure, Mrs. Indira Gandhi, India's Prime Minister, appears reluctant to make a move to fill the void caused by the death of her son, Sanjay. She has returned to official work, but is avoiding discussions on changes in the structure of the ruling Congress (I) party.

Her follnwers feel that Mrs. Gandhi's authority remains unimpaired. Indications are that young Congress (I) MPs seem inclined to pledge their loyalty to Mrs. Gandhi.

SWAPO base 'wiped out'

ONDANGWA, Namibia — South African troopa virtually wiped out the entire military atructure of the South West Africa People's Organisation (SWAPO) in Southern Angola during a recent strike against guerrilla bases, a military official announced. The main support depot had been destroyed.

The forces killed more than 300 guerrillae and captured over 250 tonnes of Soviet or East European military equipment during the operation, he added.

Earlier this week, South Africa announced that all its forces had withdrawn from Angola after a military operation lasting at least four weeks. The report nf the strike against SWAPO has nnly now been cleared. The operation was widely condemned at the United Nations, where the Security Council passed a resolution censuring South Africa.

Mr. Pik Botha, South Africa's Foreign Minister, yesterday criticised Dr. Kurt Waldheim, UN Secretary-General, for the remarks he made about South Africa during an address to the opening session of the Organisation of African Unity summit in Freetown, Sierra Leone, on Tuesday. Dr. Waldheim had criticised what he said were continuous South African raids into Angola.

Reuter

AMERICAN NEWS

Eskimos demand mineral rights

ESKIMO LEADERS from Greenland, the United States and Canada yesterday made their first concerted bid for more rights to the large oil and mineral resources of their Arctic homelands, AP reports from Godthaab, Greenland.

Ending a four-day convention, leaders of the estimated 100,000 Eskimos demanded a ban on oil and mineral concessions in their homelands until the U.S. and Canada settle Eskimo claims on the resources.

Resources

The North Americans joined in a demand by Greenland's 41,000 Eskimos, now self-governing under the Danish crown, for a moratorium on oew concessions and a renegotiation of old ones. including uranium exploration, in Greenland.

The Greenlanders want the delay nntil a final agreement with Denmark on control of Grenland's natural resonrces is reached. The Greenlanders, sbare with Denmark a veto over the use of the resonrces of their territory. A Danisb state nnclear research body is schednled to complete nranium prospecting near Narsaq In southern Greenland this summer.

Mr. Finn Lynge, Greenlandic representative in the European Economic Commnnity, said that Greenland will oppose on conservation grounds, any exploitation of the Narsaq deposit, estimated to he the largest in the EEC outside France.

Carter agrees with Congress over tax cuts

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER leaves Washington today for nearly three weeks, beving secured tbe apparent agreement of Congresslonal leaders in his own party that they will not outflank bim on tax cut plans for 1981.

The agreement, resched witb Democrstic leaders at tha White House on Tuesday, leaves the Administration wlth its options open, at least until Mr. Carter returns from a spell of campaigning and bollday, with also a trip to former Prime Minister Masayoshi Obira's memorial service in Tokyo, and until the Administration produces its mid-July budget review.

The patent acceptance by the White Houae that a tax reduction of aome kind is likely in early 1981 marks a retreat from previous Administration strategy, wbich held that tax rates should stay unchanged tbrougb most of 1981 to help balance that year's Federal budget. But White House officials concede the 1980-81 budget ia certain to be tipped Into deficit by the current economic recession in any case.

President Carter . . . campaigning holiday

Mr Carter is anxious to precent a repetition of last week's stampeding of Senate Democrats by the Republican proposal for a $36bn tax cut in 1981 into promising tax reductions of their own in early autumn.

The display of Democratic disunity on this has brought considerable pleasure to the Republican leadership and to Mr Rnnald Reagan, its near certain flag bearer into the Presidential election, Senate Democrats have not backed down from their pledge to forge a tax cut by early September, but after their meeting with Mr Carter, Senator Lloyd Bentsen, cbairman of the Joint Economic Committee, conceded a tax cut would be held up, probably by reluctance in the House of Representatives to act until after the November election.

The growing consensns hetween hoth parties is that taxes will be cut on or after January 1, 1981.

But while Republicens want to go full speed ahead in passing a 1981 reduction right now, the Administration with some party backing believes tbat the pre-election atmosphere could produce an exaggerated cut that would fual inflation.

William Chislett on the campaign trail in Michoacan

A one-sided election in Mexico

SHOWERED WITH confetti, Sr. Guauhtemoc Cardenas walked briskly past the lines of barefoot peasants and ragged schoolchildren, stopping occasionally to shake an outstretched hand, and into the dusty village square of Santa Ana.

Mariachis — Mexican musicians—struck up on their violins and guitars against a background of shouted slogans.

The candidate of Mexico's Institutional Revolutionary Party —in power for 50 years—for the governorship of the state of Michoacan had arrived for a political meeting, which had all the trappings of a wedding.

Since he is the son of the country's national hero and former President. Gen. Lazaro Cardenas, who nationalised the Mexican oil industry In 1938, the welcome was all the greater. His first name, Canhtemoc, is thet of another national hero, the last emperor of the Aztecs.

Mexico is bolding elections for State Governor and local deputies in seven of its 31 states this year, beginning on July 6. The ruling party hes won virtually every election at all levels since it was founded in 1929, hut is cempaigning as if It stood a chance of losing. It will sweep the board.

For the first time, however, the party faces real opposition, not just parties like the Popular Socialist Party, which is supporting the ruling party's candidate in Michoacan.

Three other parties—the Communists, the Right-wing Catholic National Action Party, and the conservative Democratic Party are also campaigning. But, in comparison with the ruling party's bloated campaign, they have heen inactive.

Last year's political reform, which allowed the Communists and other parties to take part in the mid-term elections for Federal Deputies (equivalent to MPs), has been extended to state level. Later this year, the reform will be extended to municipal elections.

Once on the podium, decorated with posters hearing the slogan "Everybody for Cuauhtemoc," Sr. Cardenas listened to several short speeches from the peasant, labour and popular sectors of the ruling party, wbich claims to represent all classes.

All empbasised the village's problems—no drains, a scant water supply, lack of electricity in many (adobe) homes, unpaved roads, and no secondary school.

A few elderly villagers sbuffled pethetically past Sr. Cardenas to band him letters asking him to solve problems—mainly disputes over land ownership.

Such a procedure is long-established in Mexico, where the bureaucracy is so unwieldy that everybody tries to cut through the paperwork by finding a personal "contact." Whn hetter than the new state governor?

Sr. Cardenas promised he would do everything in his power to solve the problems and told the crowd who to vote for. His convoy then sped off over a humpy track to another meeting.

En route, Sr. Cardenas mounted a horse, supplied by a local landowoer, for a triumphant entry into the isolated community of Pinzandaro (population 1,500).

When the four-month campaign ends. Sr. Cardenas will have visited over 800 places in Michoacan, a 59,864-kilometre state with a population of about 3m which produces lemons, melons and cotton, as well as steel at the state mill named, like sn much in Mexico, after his father.

Since the ruling party's victory is a foregone conclusion, sncb campeigning would seem to be a waste of time, money and energy. But the party considers every minute well spent.

Elections are a time for the party to throw its massive machine into action to try to convince as many Mexicans as possible tbat it really does bave everybody's interests at beart.

"It is not really a question of winning the maximum number of votes possible," Sr. Cardenas said, "but as mucb a time to bring more people into the political process and to achieve a deeper political penetration."

It is also an opportunty for the party to take Mexico's political pulse and make sure it is not too out of touch.

For all its faults—corruption, pateroalism, nepotism and a turgid political life—tbe party's system bas given Mexico half a century of stability—unprecedented in Latin America.

Mexico is still a bighly stable country, but the "revolutionary family", the prsgmatic group of people representing the de facto powers, does not believe this will always be the case, unless the political system is opened up. Oil wealth is raising expectations.

Its intensified campaigning shows a deep reluctance to relax its grip on power. Given its immense advantages of unlimited funds (the party insists it is financed by quotas from members, not from taxes), well-oiled perty machinery and a media basically on its side, other parties stand little chance of breaking thet grip.

The party fears the level of abstention, already high, could become so acute that tbe disenchanted would become a captive electorate for the left.

The abstention figure was 50 per cent in last year's federal elections, wben the Communists won 18 of 400 seats in the Congress.

With the Left now allowed to participate in state elections, it is even more importsnt for the ruling party to cultivate its electorate at the grass roots, and for its voice to reach every adobe hut.

A special booklet, with simple pictures and language, has been printed for the state elections, so that the mass of illiterate poor can understand it.

To vote for the Institutional Revolutionary Party, says the booklet, is to vote for Mexico. It shows Mexico as a steam hoat with everybody abroad sailing on e steady course. The party is assured of "sweeping" victories, but only because everything is still overwbelmingly weighted in its favour.

Crisis of quality in the U.S. forces

By David Buchan in Washington

PRESIDENT JIMMY CARTER yesterday signed a proclamation requiring some 4m young men to register at their local post offices in the next six months for possible military conscription in a crisis.

The controversial move, approved by Congress, is designad as a warning signal to the Soviet Unlon lest its territorial ambitions spread beyond Afghanistan. Signing the order, the Presldent reiterated that he was not in favour of "a peace-time draft" and that the U.S. would continue to rely on voluntary enlistments.

The volunteer services are under sharp attack in the Senate, which, in approving the 1980-81 Weapons Anthorisation Bill yesterday, requested the Defence Department to improve sharply the calibre of naw recruits. In particular, it urged the army to aim at increasing the proportion of high school graduates in the coming year's intake to 68 per cent, from an abysmally low 32 per cent.

The Senate, bowever, did not bave the stomach to accept the radical proposal from its Armed Services Committee thst the army's authorised level be cut by 25,000 to 750,000, an indication of bow seriously the committee is concerned that the Certer Administration is scraping the bottom of the recruitment barrel.

School diplomas

The committee's aim bad been to allow the army to restore the 25,000 cut only by recruiting more people with school diplomas and fewer drop-out. Despite the backing of staunchly defence-minded southern Senators sucb as John Stennis of Mississippi and Sam Nunn of Georgia, the shock tactics failed, and the full Senate settled for more conventional means of prodding the Administration into improving military manpower—

Since tbe invasion of Afghanisten, both the Carter Administration and the Congress have emphasised the need for more spending on defence: their only difference heing how mucb more. The White House proposed $150.5bn in the 1980-81 fiscal year. Aware of the conservative mood In the country and mindful of approaching elections, Congress has topped that with $153.7bn in its first 1980-81 budget resolution.

Tbe trend was further evident yesterday when the Senate moved toward passing a $52bn Weapons Procurement Bill for next year, wbicb includes money to start work on a successor homber to the B-52. Since be cancelled the B-1 bomber project at the start of his term, Mr. Carter has left this issue in abeyance.

But recent events bave raised doubts that the efficacy of America's war macbine is necessarily improved by throwing large amounts of dollars at the Pentagon, and bave focused attention on the quality of U.S. defence. The failure to get a necessary half dozen helicopters across the Iranian desert in April to launch a rescue attempt for the hostages in Tehran was one such event.

Another was the false nuclear alerts set off twice in the first week of June—by a malfunction in the early warning radars.

Although the snag was eventually tracked down to a finger-nail-sized electronic circuit, worth 46 cents, this was not very reassuring, and reinforced the impression that the U.S. military has ton many undar-skilled men operating complex machines.

Human side

For the moment, Congress's anxiety has fastened on to the human side of the equation. The all-volnnteer army introduced in the early 1970s towards the end of the Vietnam war is clearly not working smoothly. In 1979, for the first time, all four services failed to meet their enlistmeot quotas. This year, all except the marines are managing to do so, because of the effect of recession in the civilian economy.

More seriously, military pay and conditions are failing to attract qualified and skilled servicemen to stay. The re-enlistment rate for career servicemen bas dropped in five years from 81.4 per cent to 68.2 per cent. The U.S. services are now short of some 70,000 non-commissioned officers and people with skills in rompnter programming, data processing (witness the nuclear false alerts), communications specialists, aod mechanics (for helicopters, for instance).

The root of the problem is that civilian pastures, though blighted by the occasional cyclical recession, are generally greener. According to a Defence Department study, military pay lagged 11 per cent behind inflation in 1972-78 and 7 to 20 per cent behind pay for comparable civilian jobs.

The view emerging on Capitol Hill and gaining some converts in the White House is that military pey must now be sharply increased—across the board by nearly the 11.7 per cent raise proposed by the Senete for next year, and with an extra $800m in special perks to reward those with longer servec and special skills.

WORLD TRADE NEWS

China considers investing in Australia mine projects

BY TONY WALKER IN PEKING

THE CHINESE Government has expressed an interest in equity investment in Australian mineral development in order to secure supplies of raw materials.

Mr. Tang Ke, China's Minister for Metallurgical Industries, told a visiting official from the State of West Australie this week that China was considering investing in mining projects overseas and that Australia was the top priority.

China is particularly interested in high-grade Austrslian iron-ore for its giant new Baoshan steel complex near Shanghai.

Mr. Tang told Mr. Peter Jones, the West Australian Minister for resources development that China "had plenty of money, but it was under the ground," reference to China's mineral riches.

The Chinese are exploring tha possibility of arranging a barter deal with Japan which would allow Japanese companies to put up the cash or machinery as an investment in Australian mineral development in exchange for Chlnese coal.

Under this arrangement, China would gain a share in a West Australian iron ore field wlthout committing precious foreign exchange.

Sucb investment would at once forge a triangular trading relationship among Australia, Japan and China with immense long-term implications.

Mr. Jones said the Chinese were "clearly looking at Iron-ore needs in the long-term and determining bow best to go about securing those supplies and whether to get involved in direct purchase and equity."

He said the Chinese minister had raised the question of equity investment with him on several occasions and had appeared enthusiastic about the possibilities.

Mr. Tang bad specifically mentioned iron-ore and alnmina as the areas of main Chinese interest.

According to a recent estimate Australia could ba selling as much as $200m (£99m) worth of iron ore to China witbin s few years.

These sales will be at world parity prices unlike Initial sales which were negotiated at a "friendship" price to prime the market.

Australia last year eupplied about $70m worth of iron ore to China, sligbtly down on the previous year, but well up on 1977 when the figura was about $15m.

Imports for the Baoshen Steel mill, when It is operating at capacity in the mid-1980s, are expected to be around 10m tonnes a year. About balf of this is expected to come from Australia.

K. K. Sharma writes from New Delbl: India and Auatralia have agreed to consult each other on the sale price of iron ore for which they felt a suitable machinery should be evolved to ensure fair and reasonable returns. Australia indicated that it would like to confer and consult with other concerned conntries as well.

India and Australia are among the world's major iron ore exporters and have been trying for years to set up an export organisation on the OPEC model or similar to it. Tha agreement on collaboration took place during the visit tn India by Mr. J. D. Anthony, the Australian Deputy Prime Minister.

Iran set to double meat imports

BY ANDREW WHITLEY

IRAN expects to nearly double its imports of meat during the coming year to ebout 300,000 tons. The total cost will be between $630m and $650m (£275m).

Both Australia and New Zealand, the major suppliers of lamb, hsve responded to Iranian requests for higher immediate deliveries, possibly at the expense of other markets.

Latest figures put Australian meat exports to Iran in tbe year to March 1981 at between 40,000 and 55,000 tons. The bulk will be made up of lamb, at a cost of $2,000 to $2,200 e ton.

The Iranien orders make tbe Khomeini regime fac the largest purchaser of Australian lamb, which is shipped both frozen and live, and represents a recovery from the setback of the collapse of a joint venture meat company, Austiran, in 1978.

New Zealand's lamb exports to Iran bave been progressively increased in the past year and are expected to reach 64,000 tons in the year to the end of September. The overall valne is estimated at $130m.

Despite fears of payment difficulties on the part of the Iranian Meat Organisation, so fer suppliers report no delays. Privately there is uncertainty over the prospects in the coming year when a cash flow crisis is expected to hit Iran bard unless it is able to substantially increase its oil export earnings.

Demand for meat in Iran, particularly lamb, is continuing at a high level, and an informal system of rationing througb government subsidies bas been in force for several months.

Highly placed Iranians within the clerical elite have been acting privately to secure additional supplies for the IMO on tha European market, bnt are reported to have damanded commissions of up to 25 per cent of overall cost, deterring potential suppliers.

Heidsieck in U.S. wine venture

BY DAVID LASCELLES IN NEW YORK

IN THE wake of tbe recent Rothschlld U.S. wine deal, Piper Heidsieck of France and its U.S. marketer, Renfield Imports, are to set up a joint venture to produce sparkling wine in California.

The two compenles will spend $4.5m building a facility in the Sonoma vineyards which are majority-owned by Renfield. The facility will start up either in 1982 or 1983 and will produce ahout 120,000 cases a year, using the "methode champenoise" on equipment supplied by Heidsieck.

A Renfield official said yesterday that the venture will be geered to produce three grades of sperkling wine. At today's prices, the basic vintage type will sell for about $10-$11 a bottle. Two premium grades will sell for $13-$16. Currently French champagne sells in the U.S. for ebout $17 e bottle.

Tbe official said that, wbile U.S. lew does not prohibit the use of the word cbampagne, the product would he called sparkling wine in deference to the original cbampagne product from France.

Renfield has been importing Heidsieck champagne for a number of years, and believes that the market for sparkling wines in the U.S. has strong prospects. The company was founded in the 1940s and is a leading importer of European spirits, including Gordons gin and vodka, Cointreau and Duff Gordon sherry.

Last spring, Baron Philippe de Rothscbild concluded an agreement with the Mondavi wine interests of California which provided for the joint prodnction of some 5,000 cases per year of Cheteau-type wines to be grown on Californian soil.

Call for N-plant certificates

By David Fisblock, Science Editor

GENERAL ELECTRIC of the U.S. wants national nuclear regulatory authorities to grant "pnwer-worthiness certificates" for nuclear power station designs, analogous to the air-worthiness certificates granted to aircraft manufacturers.

The company's scheme was outlined to nuclear angineers from 11 countries, gatbered in Londnn yesterday for a symposium on the U.S. General Electric boiling water reactor.

A power-worthiness certificate, as seen by Mr. Phillip Bray, vice-president and general manager of GE's nuclear power systems, would embrace the whole plant. It would be granted to the nuclear reactor manufacturer hy the nuclear regulatory authority of eacb country.

Mr. Bray claimed that the idea was receiving an "excellent respnnse" from U.S. electricity companies frustrated by licensing delays; and from Congress, which believed the aircraft certification law could be adapted for nuclear plant.

Mr. Bray stresses his company's confidence in the return in the early 1980s of the large orders for reactors placed in the early 1970s. "We could sustain waiting for nuclear power for longer than all the other reactor companies put together."

North Korea offers hydro assistance to Malaysia

KUALA LUMPUR — North Korea yesterday offered to provide technological assistance and technical expertise for mini hydro-electric projects in Malaysia.

The offer was made by Mr. Jon Li Chun, North Korean Deputy Foreign Economic Affairs Minister, when he visited Mr. Mohamed Najib Razak, the Malaysian deputy Telecommunications Minister.

Mr. Najib said the offer was a follow-up to the visit of Dr. Mahathir Mohamad, the deputy Prlme Minister to North Korea last year, during which ha showed great interest in the country's mini hydro-electricity projects.

He said 102 places had been identified by consultants as having potential for mini hydro-alectricity projects.

● Lloyds Bank International has signed a loan agreement to provide South Korea with $15m (£6.3m) to help finance Korea's import of microwave facilities, a Government official said.

The loan, carrying en annual interest rate of London Inter-bank-Offered Rate (LIBOR) plus 0.625 per cent, will be repayable over 10 to 11 years including a grace period of threa to four years.

The official added thet the World Bank is expected to sign an agreement later in July to extend another $15m in loans to help Korea import more microwave facilities.

● The Export Credits Guarantee Department (ECGD) has guaranteed a £13m line of credit which Lloyds Bank has made available to Ceskoslovenska Obchodni Banka, of Czechoslovakia.

Agencies.

UK groups in Indonesia deal

BY OUR WORLD TRADE STAFF

A GROUP of four UK companies has concluded a $17.5m (£7.5m) palm oil plantation development deal with the Indonesian Investment Co-ordinating Board. The project calls for the development of some 25,000 hectares of land in North Sumatra over a period of five years.

McLeod Russel will take a 50 per cent stake in the project, with smaller share interests to be beld by Anglo-Indonesian, Rightwise and Plantation and General Investments.

The companies will co-operate closely in the development, but will be financially and corporately independent of each other, an official of McLeod Russel said.

ICL wins Nigeria bank contract

BY MARK WEBSTER

ICL HAS won an order wortb £670,000 to supply computers for the First Bank of Nigeria, the company has announced.

The order fnr 60 nf ICL's 1500 series data terminals will he used in the bank's 30 hranches and offices in the Lagos and Ibadan area.

The bank already uses ICL 1901T and 1902T computers in its Lagos head office and the new equipment will allow hranch offices to meke customer account printouts every morning.

First Bank, previously Staodsrd Bank of Nigeria, is one of the biggest banks in the country with a network of 150 hranches. Along with all the other big banks, it has just completed a major expansion of its rural hanking facilities in line with the Nigerian Government's policy of extending banking services into the country.

The order for computers is a reflection of the renewed confidence in Nigerian business circles about the future of the country's economy since the 1979 alump.

From Paris, it has been reported that the Government of Niger has awarded a contract to Thomson CSF and Telspace for the manufacture and installation of a major satellite telecommunications network worth FFr 276m (£29m).

The contract was signed by Lt-Col. Sory Mamadou Diallo, Niger's Minister of Posts and Telecommunications, and will cover both communications equipmeot and television installations.

San Francisco exploits China ties

By Frank Gray, recently in San Francisco

THE BUSINESS community of San Francisco has long had a special relationship with China, one that it anticipated would one day pay dividends when Peking and Wasbington sorted out their political differences.

This special relationship stems from the historic role of Chinese labourers in the city's development more than a century ago and the fact that soma 60,000 ethnic Chinese, abont 8 per cent of San Francisco's population, now live within the city's narrow confines.

These dividends are now beginning to accrue rapidly because of tha sharp rise in China-U.S. trade and the city's important position as a clearing point for goods moving between the two countries.

City officials also point out that 63 consular offices are located in San Francisco, as are 25 banks with international services, adding to the city's role as a centre for international deals.

This was dramatised last week with the announcement that Mr. Clement Chen Jr., a local hotel developer, had landed the first contract to build and co-manage a hotel in Peking. The $20m, 520-room hostelry, to be called the Jian Guo (Building the Nation) Hotel, is being financed by the Hong Kong and Shanghai Banking Corporation.

But by far the biggest payoff to come from these ties is the decision by the Chinese Government to hold its largest-ever foreign trade and cultural exhibition in the U.S. this eutumn, with San Francisco serving as the first host city.

The Exhibition of the People's Republic of China will be held in the city between September 13-28, and will move to Chicago for two weeks in October and to New York for another two weeks in November.

Mr. Luiz O. Themudo, a vice-chairman of the China Exhibition Corporation, set up last year to stage the fair, said it would attempt to show a broad spectrum of Chinese social and industrial life.

"Even though it is being promoted in the U.S., the Chinese are determined what aspects of their culture will be on display," he said.

In terms of industrial material, The exhibition will display tools, pharmaceuticals, electronic instruments, chemical goods and medical equipment. Shoes, clocks, bicycles, leather goods, cosmetics and beverages will be displayed in a series of booths.

A range of crafts will also be on show as will some $3.5m in Chinese paintings and antiques.

Some 300,000 people are expected to view the exhibition in San Francisco with 1m seeing it nationwide. Civic officials are taking considerable pride in the part they played in conceiving the exhibition and in improving trade relations between the two countries.

Mr. William Dauer, president of tha Chamber of Commerce, recalled that a Chamber report in the early 1960s had called for an early re-opening of trade with China.

"That raport met with objections from tha State Department and the Department of Commerce at the time," he said. "They all felt it was nn-American, given the state of our relations with China."

In 1971, the year before then-President Nixon's historic visit to China, the Cbamber became the only U.S. organisation to be invited to the Canton trade fair. It returned in 1972 and 1973, and in 1975 sent 19 representatives on a visit to Shanghai, Canton and Peking which it met with the China Council for the Promotion of International Trade.

Talks on the trade exhibition advanced last year when the Chinese trade officials sought and gained full U.S. sponsorship for the fair. This is being provided by Manufacturers Hanover Trust of New York, Wells Fargo Bank of San Francisco, First City National Bank of Chicago, each of which will provide a credit of $600,000 to support the staging of the three-city exhibition.

The Cbinese visit takes place at a time of soaring growth in trade between the two countries, though, as Mr. Dauer noted, U.S. trade with Taiwan la still worth seven times as much eacb year.

But if U.S.-China trade continues to grow at current rates, that gap could be closed within several years.

The China Business Review reports that U.S. exports to China last year were worth $1.7bn compared with $818m the year before. Imports rose to $592m from $323m in the same period. The bulk of exports are dominated by food, cotton and machinery goods with lubricants and mineral fuels comprising most of the imports so far.

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Drop in official reserves covers underlying rise

BY DAVID MARSH

THE UK's official gold and foreign exchange reserves fell $112m last month to $28.17bn mainly because of foreign debt repayment by public-sector borrowers.

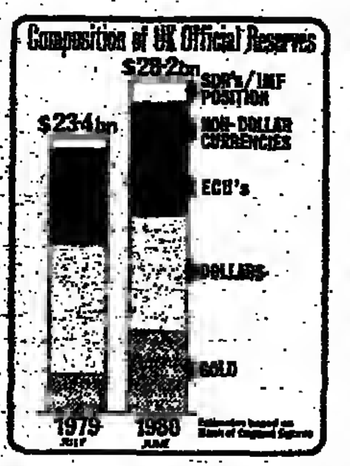
Leaving aside the effect of such repayments, as well as accruals to the reserves from fresh foreign borrowings, there was an underlying rise of $3m, the Treasury said yesterday.

The barely-changed level followed six months of steady accruals. There was an underlying rise between the end of November and the end of May of about $2.15bn. This was partly due to Bank of England intervention to restrain the rise of the pound on foreign exchange markets.

Changes in the reserves' underlying levels are caused both by intervention and by other foreign exchange transactions carried out by the Bank for the Government and other central banks.

But the steady figure confirms the foreign exchange market's impression that the Bank largely let sterling find its own level last month.

Sterling fell slightly from the five-year high of more than $2.37 in May, although it has again risen towards $2.36.



The Bank's lack of activity last month contrasts with reasonably heavy intervention by the New York Federal Reserve Bank, the West German Bundesbank and the Bank of Japan to support the dollar.

The Treasury does not publish monthly figures, splitting reserves into their component parts. The chart—showing estimates based on Bank figures—gives a rough breakdown.

The value of gold in the reserves has risen sharply since last year because of the end of March re-calculation. This put the value on a more market-orient basis.

Britain's holdings of European currency units have also risen to about $4.7bn from $3.7bn last summer, because of the gold price increase.

Official holdings of non-dollar currencies have increased slightly, while dollar holdings have fallen. This diversification partly reflects the impact of loans raised in non-dollar currencies.

The authorities try to adjust the mix of assets in the reserves to correspond roughly to the currency breakdown of Britain's long-term foreign liabilities.

Official gold holdings, although remaining roughly constant in volume over time, fluctuate day to day because of movements to and from the reserves associated with the Royal Mint's production of sovereigns.

Britain is thought to have produced about 58 tonnes of sovereigns last year, 18 per cent more than in 1978.

According to the Treasury's figures public sector repayments of foreign debt last month totalled $289m, including some long term North American loans. Fresh borrowing—mainly by the Coal Board and Northern Ireland Post Office—totalled $174m.

Ombudsman seeks new powers

By Gareth Griffiths

THE HEALTH Service Ombudsman wants extra powers to investigate injustices suffered by patients.

Mr. Cecil Clothier, the Ombudsman, can at present only investigate cases where there is prima facie evidence of injustice to a named individual. In his annual report, published this week, he says this appears to conflict with the public interest.

He has made a similar appeal for extra powers in his capacity as Parliamentary Ombudsman.

As an example of the way the Health Service Ombudsman's work is hampered, the report cites the case of a bogus doctor. He operated on several patients, who were not informed by the relevant health authority that they had been treated by an unqualified person.

Mr. Clothier said he could merely obtain an assurance that all the patients were seen subsequently by qualified staff.

Last year, the Ombudsman dealt with 344 grievances and issued 106 reports. He found some justification in 150 complaints. Subjects covered included waiting for treatment, disclosure of medical records and events surrounding hospital deaths. The number of complaints fell by 20 per cent and was similar to the numbers for 1976 and 1977.

Towards longer-term planning

John Elliott looks at the Government's examination of its purchasing arrangements and how it can promote industry's competitiveness.

THE GOVERNMENT'S determination to ensure that "a real change" takes place in the practice of public purchasing was made clear yesterday by Sir Keith Joseph, Industry Secretary.

The Government is examining its own purchasing arrangements and is encouraging nationalised industries and local authorities to do the same. The objective is to "help UK suppliers become more internationally competitive" by planning for requirements five or more years ahead."

Sir Keith intends to give details of how companies can be helped by receiving public sector development contracts in the high technology area. He is expected to accept some recommendations of the Advisory Committee for Advanced eRsearch and Development report on research and development for public purchasing.

He believes public sector organisations should give innovators shop windows to enable them to display their products at work.

Sir Keith explained this yesterday in his first full public statement on the subject of public purchasing in a paper to the National Economic Development Council.

He is to address a conference being organised on the subject by the Institute of Purchasing and Supply, and also wants private sector purchasers to adopt similar practices.

Sir Keith has been working on the policy for several months but has met resistance in parts of Whitehall, particularly the Treasury which is concerned with the cost implications.

"We believe the public sector can deploy its purchasing power to strengthen and promote the competitiveness of UK industry," Sir Keith told the NEDC yesterday. He acknowledged that similar initiatives had been tried in the past, but he said: "This time the Government is determined to ensure that a real change in practice takes place."

The purchasing practices of the public sector involved "many billions of pounds per annum," he said. "It is well known that some UK manufacturers have been concerned that goods supplied particularly to some public purchasers have not always been readily saleable on the international market because of the special standards required," said Sir Keith.

Purchasers and suppliers could best serve their mutual interests by establishing closer relationships and by discussing their forward plans together.

They should "enter into a sustained dialogue over future requirements, often up to five or more years ahead."

Suppliers could then plan, re-equip and reorganise with greater confidence and efficiency. This would improve their competitiveness - with foreign suppliers at home and abroad.

The NEDC's sector working parties had already worked on supplier-customer relationships, and Sir Keith intended to "give them every support."

On new technology, Sir Keith said that people's "wariness" about buying a completely new design meant that companies needed to be able to show their innovations at work.

"In many of the present new areas of high technology, the public sector contains major users who could consider the possibility of giving innovators a 'shop window' for their products. In cases where a public body is a monopoly UK purchaser, this is particularly important." A purchaser could also consider expanding a project by means of development contracts.

David Churchill writes: Concern that the Government's current competition policy could hinder the ability of British companies to compete both at home and abroad was voiced in a paper from Mr. Geoffrey Chandler, director general of the National Economic Development Office.

The paper reflected the views of both the CBI and TUC in challenging the Government's main assumption that the increasing concentration in British industry over the past two decades justified a tough competition policy.

The paper argued that "competition is about behaviour not market structure, and that concentration statistics give a misleading impression of the actual degree of competition in a market."

Mr. Chandler said the difficulty of defining a market in statistical terms, the countervailing power of retailers and distributors, and the high levels of import penetration "all serve to make concentration data a dubious indicator of the real degree of competition."

He then dealt with the three main strands of current competition policy. On mergers, the NEDO believes there should be no changes in the existing legislation. In fact, Mr. John Nott, Trade Secretary, made clear earlier this week that no new legislation was planned although he said the Government would take a more sceptical look at proposed mergers under the existing laws.

On restrictive trade practices, the NEDO endorses proposals for greater flexibility suggested by the Labour Government's Green Paper on the subject. But the CBI still has a number of reservations about the details of any changes in approach.

On the new investigatory powers under the Competition Act, the memorandum confirms both the CBI and TUC's concern that the new powers are used with considerable caution.

Caledonian in new bid for cheap fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Caledonian Airways, the biggest UK independent airline, is making a new bid to win a network of cheap-fare routes between Gatwick Airport and the Continent.

The airline has applied to the Civil Aviation Authority for rights to fly on 11 routes between Gatwick and Stockholm, Gothenburg, Copenhagen, Oslo, Frankfurt, Dusseldorf, Zurich, Barcelona, Marseilles, Madrid and Athens, at what it calls "Mini-Prix" cheap fares up to 81 per cent below existing economy-class single rates.

In addition, the airline has appealed to Mr. John Nott, Trade Secretary, against an earlier authority refusal for routes to Geneva, Milan, Turin, Lisbon and Rome.

At the same time, the airline is awaiting the results of inter-governmental negotiations for cheap fares on new routes to Vienna, Helsinki, Cologne—Bonn, Stuttgart, Hamburg and Hanover. It was awarded these routes earlier this year.

On top of these routes, the airline is also awaiting approval of plans to offer cheap fares on three routes it already flies, to Paris, Amsterdam and Brussels.

As a result of these developments, British Caledonian hopes to be able to offer cheap fares on 25 routes between Gatwick and the Continent, at fares substantially below the current normal economy-class single rates.

Mr. Alastair Pugh, managing director of British Caledonian, said yesterday that the Government had recently amended the Civil Aviation Bill, now before Parliament, to allow for "dual designation" — that is, two airlines from the UK on each route to the Continent.

"The differenca in the political climate now, compared to May last year when we first led the move for lower air fares in Europe, is immense. Mr. Nott's policy leads me to believe that low-fare, competitive services in Europe may at last be within reach."

Mr. Pugh said the Mini-Prix fares plan was designed to achieve low fares in Europe by evolution, rather than revolution. It reflected the official recommendations for lower fares recently made by the EEC in Brussels, the UK Department of Trade and the House of Lords.

"If Mr. Nott intends to follow through his policy statements with positive action, he will back this B.Cal initiative," said Mr. Pugh.

"Particularly, he should overturn his previous veto on the negotiation of low-fare routes to Sweden which came as a result of a re-negotiated Air Services Agreement between the UK and Scandinavia.

"Consumer presure is reaching the point of impatience, and we have been ready for more than a year." He called on Mr. Nott "to help us get on with the job."

SOME EXAMPLES OF MINI-PRIX FARES

Route London-Gatwick to:	Mini Prix-fare (single)		% Discount on existing economy Rates
Frankfurt	DM180	£40	47%
Geneva	SF180	£43	51%
Hamburg	DM180	£40	50%
Copenhagen	DKr670	£50	53%
Milan	L1000,000	£50	49%
Madrid	Pts8,900	£55	47%
Oslo	NKr680	£55	53%
Vienna	Sch1,800	£55	62%
Rome	L121,000	£60	53%
Brussels	BF2,100	£31	46%
Amsterdam	Fl150	£31	44%
Paris	Fr320	£31	35%

Plea for fair play with small businessmen

BY JAMES McDONALD

A PLEA to large businesses, local government and nationalised industries to make prompt payment of debts to small companies was made yesterday by Mr. David Mitchell, Parliamentary Under-Secretary at the Industry Department with special responsibility for small business.

"Tha combination of inflation, tight money and high interest rates made companies cash hungry, as a result of which small businesses were caught in a vicious squeeze betwaen their customers and their suppliers," he told the London Business School.

"On the one hand, their customers try, unfairly, to bolster their own finances by delaying payments owed to the small companies, and on the other hand, their suppliers tighten their credit terms — and press them for earlier payment than before."

In a special plea to big customers, Mr. Mitchell said: "Pay your accounts at the time they are dua to be paid, and don't abuse your strong position by treating small business suppliers as interest-free money lenders. If you do, you will find that you will lose out in the long run as your suppliers go out of business and there is less competition for your custom."

Mr. Mitchell was introducing a new booklet, Buying from Small Firms — IPS Guide to Good Practice, published by the Institute of Purchasing and Supply.

CB radio decision urged

WHEN "open channel" radio is finally legalised, it could be too late to compete with the established growth of illegal citizens' band radio, according to the Radio, Electrical and Television Retailers' Association.

It is concerned that recent publicity given to CB radio has stimulated interest. People were buying transceivers, which were becoming openly available, at highly-inflated prices.

In a letter to Mr. William Whitelaw, the Home Secretary, Mr. Tom Edom, the association's director, blamed the increased use of CB on the Government's delay in deciding on its legalisation, the further delay in publishing the promised Consultative Paper, and insufficient policing and penalties.

Mr. Edom urged the Home Office to "speed up the timetable, issue the consultative document, agree the frequency and bring it into operation at the earliest possible date."

Application time for awards

APPLICATIONS ARE invited from companies wishing to be considered for The Queen's Awards for Export and Technology 1981.

The main qualifications are that companies should be UK-based and have made outstanding achievements in either exports or technology.

Application forms are available from the secretary of The Queen's Awards Office, Dean Bradley House, 52 Horseferry Road, London SW1P 2AG (01-222 2277).

The closing date for applications is October 31, 1980.

FIELD COULD FORM PART OF NEW OFFSHORE COMPLEX

Chevron-led group confirms oil find

BY RAY DAFTER AND KEVIN DONE

A NORTH SEA oil group, led by Chevron, has confirmed an important oil reservoir which could form part of a new offshore production complex.

In a unique exploraton venture, Chevron successfully tested significant oil flows in a well drilled on the South Ninian structure, block 3/8, some 100 miles north-east of the Shetland Islands. It is understood that in four tests oil flowed at rates ranging from a few hundred barrels a day to about 6,000 b/d.

In order to aid recovery Chevron and its partners fractured the reservoir around the well which had been drilled to evaluate the South Ninian Field discovered with two earlier wells.

As it was known the permeability of the reservoir was comparatively poor—that is the channels for flowing oil are restricted—Chevron decided to fracture the oil-bearing rock with fluid pumped under pressure. The resultant cracks were then kept open by sand-based propping agents.

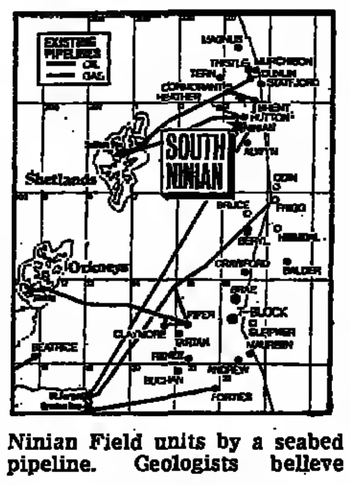
Experiment

This was the first time that such a recovery method had been used in the North Sea. British Petroleum is expected to conduct a similar fracturing experiment in its big heavy oil reservoir west of the Shetland Islands shortly.

The Chevron well was drilled close to the oil discovery on the same block announced by British Petroleum last week. That well produced oil at rates of 7,200, 4,900, 4,700 and 3,700 barrels a day respectively at four depths.

Chevron and BP consortia may discuss the possibility of developing the separate finds as one unit. Industry estimates suggest that the combined reserves of the two fields could be at least 100m to 200m barrels (one barrel contains 35 Imperial gallons).

Such reserves might be sufficient to justify the installation of a new fixed production platform linked to the nearby



Ninian Field units by a seabed pipeline. Geologists believe there could be several oil reservoirs contained in geological fault blocks close to Ninian.

The South Ninian reservoir, evaluated by Chevron, is contained in two adjoining blocks, 3/7 and 3/8. Licensees on block 3/8, which also contains part of the Ninian Field, are British Petroleum, Ranger and London and Scottish Marine Oil.

The latest successful well was drilled by Chevron just inside this block in an agreement with the BP consortium.

The Chevron Group, which has been allocated block 3/7 comprises: Chevron, British National Oil Corporation, Deminex, Imperial Chemical Industries, Murphy and Ocean Drilling and Exploration.

Dorset field value grows

BY MAURICE SAMUELSON

WYTCH FARM oilfield in Dorset, which is considerably bigger then first estimated, may extend under Poole Harbour and nearby Studland Bay.

British Gas, which operates the field on behalf of its 50-50 partnership with British Petroleum, is drilling for oil on the small Goathorn Point, which juts into the harbour.

If successful, the corporation hopes to sink another exploratory well on Studland peninsula, one of the two arms of land sheltering the harbour from the English Channel.

Offshore rights in the Studland area have not yet been allocated and British Gas, already anxious about possible Government plans to sell off the Wytch Farm field to the oil industry, is by no means certain to win the concessions.

Its anxiety has increased now that the Wytch Farm field's recoverable reserves are being put at 90m barrels, three times the original estimate.

This follows the discovery of an estimated 60m barrels of recoverable oil 6,000 ft deep. At current prices, the field would be worth about £1.25bn.

Although it will take much longer to exploit than some North Sea offshore fields, it compares in size with the Auk and Argyll fields, and is not much smaller than the Montrose.

In quality, too, the Dorset crude is similar to that in the North Sea. At the present rate of production, the field is set to earn the British Gas-BP partnership £24m a year. It will shortly pay off the £18m initial development costs.

Although there are no firm Government proposals to sell off the British Gas oil interests, the corporation recognises that it still has a battle on its hands.

Part of its argument against being stripped of its oil assets will be that its 55-strong London-based exploration staff have a far better track record than the much bigger teams of the oil companies.

The corporation has had to deal with local resistance to its presence in a sensitive beauty spot. Its achievement is summed up in the sight of a herd of deer, being bred for the Bournemouth hotel tables, grazing only yards from three "nodding donkey" pumps which bring oil to the surface.

Elsewhere, the corporation has gone to great lengths to make its main installations invisible from the surrounding countryside. The gathering station at Wytch Heath is in a cutting in a dense pine forest. The storage site, from where the oil is sent by train to a BP refinery in South Wales, is in a depression from which 250,000 cu ft of earth were removed.

The administrative buildings are of heather-coloured brick, and the storage tanks are sandy grey rather than the usual bright aluminium.

Local landowners derive no direct financial benefit from the oil revenues. However, they receive some compensation in the form of improvements to fences, gates and roads paid for by the corporation.

The area as a whole will benefit from the rates which the corporation will have to pay to Dorset County Council. These are at present being assessed. They will help the council to slow down the rise in rates levied on the local population and will be a significant factor in the county's revenue.

The field will make one further contribution to the area—almost incidental compared with its oil production. This will be a small quantity of gas, about 400,000 cu ft a day, which it extracts with the oil.

As the corporation defends its oil interests, it is a further reminder that the two industries naturally overlap and that if the oil companies have a right to produce gas, the gas industry should be allowed to produce oil.

Treasury exposes tax avoidance ploy

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is to clamp down on a North Sea tax avoidance ploy that could have involved tens of millions of pounds.

Mr. Peter Rees, Minister of State at the Treasury, has told the Commons that oil companies will not be allowed to change their equipment ordering system in order to increase allowances against Petroleum Revenue Tax payments.

For some months, oil companies considering large development programmes, have been looking at plans that would have involved contractors financing the work through to the completion stage. The oil companies would have paid a lump sum for the completed work—a fee that would have included financing interest charges.

Under such a scheme, companies would have been able to set the whole cost, including interest charges, against their PRT liabilities. Under tax rules, offshore operators are allowed to write off total capital expenditure uplifted by 135 per cent before becoming liable to PRT payment.

Mr. Rees said that the Government regarded the contractor financing arrangement as one opposed to the concept embodied in PRT. Normally, companies paid for development work in stages.

As a result, he said, Inland Revenue would be investigating contractor financing, and would be considering way, in consultation with industry, in which the whole issue could be put beyond doubt. In addition, the Government might, if necessary, introduce legislation in the next Finance Bill to amend the PRT treatment of contractor-financed deals signed after July 1.

● The Government has announced that the closing date for applications under the seventh round of offshore drilling ...licences ...will ...be August 11.

Under the conditions of the seventh round, licensees must agree to allow the British National Oil Corporation to join operating committees once a decision has been taken to exploit any discovery commercially.

● Mobil said yesterday that total oil production from its Beryl Field in the North Sea had reached 100m barrels, or 3,500m gallons.

Energy conservation measures make an impact

BY SUE CAMERON

THERE IS little sign of an end to the slump in UK demand for oil products, according to provisional figures released by the Department of Energy yesterday.

The figures show that Britain used 14.2 per cent less oil between March and May this year than in the same period last year.

Oil consumed — in terms of its coal equivalent — fell from 36.5m tonnes to 31.3m tonnes. The main reasons for the drop are thought to be the recession plus the impact of energy conservation measures.

The figures show that the amount of oil used for energy went down from 19.9m tonnes between March and May last year to 16.4m tonnes in the same period this year, a drop of 17.3 per cent.

Oil consumption for non-energy uses — such as petrochemical feedstocks — fell by 12.4 per cent from 2.361m tonnes to 2.068m tonnes. Oil used by refineries went up during the period by 4.9 per cent.

Total inland consumption, including oil, gas, coal, nuclear power and hydro-electricity dropped by 9 per cent to 85.8m tonnes of coal equivalent.

Overall UK production of primary fuels rose between March and May by 3.1 per cent to 87m tonnes of coal equivalent. Oil production went up by 8 per cent compared to the same period last year and coal production rose by 6 per cent.

Production of natural gas fell by 10.4 per cent and of primary electricity by 3.8 per cent.

● Petrol deliveries to garages rose by 6.5 per cent during the first three months of this year compared to the same period last year, according to figures released yesterday by the Institute of Petroleum.

But total demand for all oil products dropped by 13.5 per cent—some 3.5m tonnes—during the period.

The Institute said the drop in overall deliveries was partly caused by the fall in demand for fuel oil. Fuel oil deliveries were down by nearly 33 per cent—over 2.8m tonnes—compared with the first quarter of last year. One reason for this was the smaller amount of oil used for power generation. Some power stations are now switching to coal.

All transport fuels showed an increase in demand. Not only did deliveries of four-star petrol to retail outlets increase by 9.6 per cent—although demand for three-star fell by 30.6 per cent—but total deliveries of Derv fuel went up by 11.7 per cent, while supplies of aviation turbine increased by 5.2 per cent.

Council opposition to reform of rate support system collapses

BY ROBIN PAULEY

LOCAL AUTHORITY opposition to Government proposals to reform the rate support system collapsed yesterday as party political loyalties reasserted themselves at the annual meeting of the Association of County Councils.

The unanimity of the local authority associations has been under increasing strain recently. It finally started to break down when the Tory-controlled ACC and Association of District Councils failed to support amendments to the Local Government Bill which were proposed by the Association of Metropolitan Authorities, which has a Labour majority. The same amendments, to the technical structure of the planned block grant scheme, were earlier supported by the ACC when the AMA had a Tory majority.

The end of local authority cohesion came yesterday, the eve of the report stage of the Bill in the Commons.

Two Labour members of the ACC, Mr. Daniel Pettitt, of Nottinghamshire, and Mr. John Toft, of Durham, the only Labour-controlled shire county in England, proposed the motion: "The Bill in its present form represents an attack on local democracy and a serious erosion of local government powers. In view of the Government's repeated refusal to make any concessions to the views put forward by the local authority associations, paricularly concerning alternatives to the block grant, the ACC resolves not to take part in any further negotiations on the grounds that these are meaningless when one party adheres inflexibly to an entrenched position."

The motion was defeated, but the extraordinary feature of the debate was the line taken by some leading Tories. Their loyalty to the Conservative Government and Mr. Michael Heseltine, Environment Secretary, who has been urging them to ease the pressure on him, appeared to take precedence over their responsibilities to local government.

Mr. Ian Coutts, chairman of the finance committee, astonished even some of the Tory side by saying: "I feel that in certain respects we have overstated our opposition to block grant and we have not been able to put forward a coherent detailed alternative. It is a fiction to describe this legislation as an attack on democracy.

"We live in a national democracy where Parliament must be the final arbiter on matters such as these."

This is completely contrary to the line previously taken by the ACC and its chairman, Sir Gervas Walker. It was left to another Tory, Colonel William McLelland, to remind Mr. Coutts that the Government had never denied that the local authorities' alternative scheme met all the required objectives and that the ACC had always agreed to press for an amended plan.

Sir John Grugeon, chairman of the policy committee, tried to take a more conciliatory line. He said the ACC should continue to work for amendments to block grant. It would be "irresponsible folly" to withdraw from further discussions.

Development Agency to sue crashed company

BY ROBIN REEVES, WELSH CORRESPONDENT

P. LEINER AND SONS, the South Wales gelatine manufacturer which went into receivership last February amid considerable controversy, is to be sued for damages by the Welsh Development Agency.

Writs claiming breach of warranties given when the WDA invested £2m in Leiner's only 12 months before the company was declared insolvent have been served on Mr. Leslie Leiner, founder and chairman of the company, and his wife, Anne Leiner, a director. A writ claiming damages has also been issued against the company itself. The WDA said legal proceedings were not being instituted at this stage against three other former directors — Mr. F. A. Osman, Mr. Allan Henry and Mr. Ian Hughes—who also signed warranties in respect of information supplied to the Agency before its £2m investment decision.

The WDA is the Welsh equivalent of the National Enterprise Board. The £2m capital injection into Leiner's was its biggest single investment in a Welsh company.

The legal move seems certain to affect next Monday's investigation of the Leiner affair by the Commons Public Accounts Committee. Mr. Ian Gray, managing director, and other WDA officers are due to appear before the committee to explain how the WDA appraises and monitors investments in general and its stake in Leiner in particular. Some of the hearing seems certain to be in a private session.

Since the company crashed last February, the photographic side of Leiner's business has been purchased from the receiver by a consortium assembled by Mr. Jack Loveland, Leiner's former chief executive, and, before the agency's £2m capital injection, the WDA's investment director.

The new enterprise, named Leiner Gelatin, resumed production in May with the blessing of the WDA in its capacity as landlord and supplier of services to the site.

It was stressed that the WDA was not involved in funding the new venture and that rent and services for the occupied buildings would be paid in advance.

Tesco accuses Revenue of 'unfair campaign'

BY ALAN FRIEDMAN

TESCO, the supermarket group, has accused the Inland Revenue of "conducting an unfair campaign" by challenging its tax relief provisions.

Mr. Ralph Temple, finance director, yesterday claimed that the Revenue was "clutching at straws" in questioning the group's stock relief provisions related to the launch of its Operation Checkout in 1977.

He also said that the Revenue's refusal to allow claims for group relief on an associated company's capital allowances, worth £8.6m, was "a little bit silly."

Mr. Temple said that the group relief was a "straightforward commercial transaction which had as a main feature the element of a tax shelter."

"The reason why we have placed this under the contingent liability heading in our annual report is that there is an exceptionally remote chance of the money being paid."

Mr. Temple said Tesco's claim for group relief qualified under the Income and Corporation Taxes Act 1970, which stipulated 75 per cent ownership of the company in question.

Mr. Temple, however, declined to name the associate company. Tesco's 1980 annual report only lists two associated companies as registered and operating in the UK. The associate company whose allowance is being challenged is thought to be a leasing group.

Commenting on the Revenue's claim that Operation Checkout changed the nature of group trading, Mr. Temple said: "They are barking up the wrong tree. We simply short-circuited our stamp programme and offered lower prices. Tesco continued to trade from similar branches in a similar way. We offered similar goods to the same customers."

Sir John Sainsbury, chairman of the supermarket group J. Sainsbury, said yesterday that his group's "Discount 78" programme did not constitute a change in trading policy.

"We have always had a Supersave programme and simply restructured it. Our circumstances are certainly different from Tesco."

The Sainsbury group said that stocks grew by 17.3 per cent in the year after the 1978 programme.

"Clearly retailers have done very well on stock relief, but we have had no queries from the Inland Revenue."

David Churchill writes: Mr. Richard Weir, director of the Retail Consortium which represents more than 90 per cent of Britain's retailers, said yesterday that he was concerned at the Inland Revenue's action against Tesco.

"At a time when retailers are desperately trying to maintain volume sales and offer low prices to consumers, it is very unfortunate that this issue has not been raised before by the Revenue," he said.

Mr. Weir said that a number of retailers who could find themselves in a similar position to Tesco were likely to be closely following the outcome of the Revenue's action.

Sainsbury annual meeting, Page 20

GEC moves into equipment for machine tools

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

GEC HAS become the first major British company to move into the design and manufacture of numerical control equipment for machine tools.

The move, which involves purchasing certain assets of Herbert Numerical Controls, from the Alfred Herbert group, could boost companies making advanced technology machine tools in the UK.

GEC's entry into numerical controls will fit in with its manufacture of electrical drives, some of which go into machine tools, and its computer control systems for automatic machine shops.

GEC will be able to provide a total package to the machine tool industry now, and ensure that future developments in the fast-growing area of automation will be catered for in the UK.

GEC expects to extend the operation to include the work being done on robotics by GEC-Marconi.

The machine tool industry has been lobbying for a British manufacturer to take up this challenge for several years. The industry believes the success of Japanese and German advanced technology machine tools has had much to do with the support offered by their indigenous electronics companies.

GEC numerical controls will be made at its Stoke-on-Trent factory, while an engineering design and development team including 24 engineers from Herbert Numerical Controls will be based at Rugby.

Herbert's decision to set up a separate electronics facility was frustrated by the reluctance of machine tool manufacturers to release information about the design of their machines to a competitor. GEC will not have this problem as it does not make machine tools.

The British market for numerical controls is almost wholly supplied by imports, with Fanuc, GE and Siemens dominating the international scene. It is currently estimated to be worth £23-24m, growing to £50m over the next five years.

The UK machine tool industry has been contracting over a long period, but demand for this type of machine tool — particularly numerically-controlled lathes and machining centres—continues to expand rapidly.

Although an increasing number of British manufacturers are now making numerically-controlled machines — including Herbert which earlier this week announced that its financial problems have forced it into selling off its remaining factories—an alarming proportion of the British market is being supplied by imports.

Dublin wins fight for £43m diamond plant

BY RAY PERMAN

A £43M industrial diamonds plant, which was the subject of fiercely competitive bidding between the Irish and UK governments earlier this year, is to be built in Dublin, it was confirmed yesterday.

The UK Department of Industry and the Irish Industrial Development Authority (IDA) were both keen to secure the investment by General Electric, the U.S. electrical and engineering group, which will create 500 jobs over the next five years.

Consultants acting for the company spent a year looking for a location in Europe and selected a site at Livingston New Town in Scotland. But General Electric was persuaded to go to the Irish Republic by the considerable financial advantages available there.

In addition to grants—believed to be about £17m, although the exact amount will not be known until the IDA publishes its report for 1980, about this time next year—General Electric will benefit from tax concessions on its export profits.

These will make a considerable difference to the plant's earning capacity. It has been estimated in Britain that the tax benefits could be worth up to £40m in the first five years of operation.

The IDA said that the company was buying a 25-acre site at Clonshaugh, Dublin, and would initially ocupy a 70,000 sq ft advance factory, which was nearing completion. Further factory space would be added later.

The plant will make a range of super abrasives, including industrial diamonds.

General Electric already has three subsidiaries in the republic, the Ecco semi-conductor plant at Dundalk, EI at Shannon, which makes security alarms, and Atlantic Plant Construction at Bray, near Dublin, an engineering services company.

Ulster aid criticised

BY JAMES McDONALD

NORTHERN IRELAND'S Department of Commerce is strongly criticised by the Public Accounts Committee for the scale of public funds committed to establishment of Courtaulds' factory at Campsie, Co. Londonderry.

"We recognise the difficulties in the textile industry but find it wholly unacceptable for public funds to be provided, on certain calculations in this case, at up to £28,000 per job created," says the committee in its 14th report, for the session 1979-80.

"The Department of Commerce took no steps to satisfy itself as to the reasonableness of the estimates of capital requirements, exercised no control over the placing of the contracts and took no steps to control the cost of the project.

"While appreciating all the uncertainties, we recommend that the Department, together with the Treasury, review current procedures in industrial cases, including the cost-per-job criteria, as a matter of urgency."

The report also criticises the Department's financial aid to Simms Steel Industries to establish a steel-decoiling and galvanising undertaking in Lisburn. It draws attention to differences between first estimates of capital cost and final cost and says the Department should take a firmer grip.

When a project is developed or changed so that the cost greatly exceeds the original estimate it should be made clear to the proposer that the Department will regard itself free to re-negotiate the terms and conditions of financial assistance.

Fourteenth Report from the Committee of Public Accounts, Session 1979-80, HMSO, £3.50.

Castle Ashby's Greek vases fetch £1.3m

THE SUPERB collection of Greek vases gathered by the second Marquess of Northampton and previously displayed at Castle Ashby finally went under the hammer at Christie's in London yesterday. The total was £1.3m against a tentative pre-sale estimate—because of the richness of the items—of £750,000.

The highest price was £190,000 (bid by telephone) for the black figure Athenian neck amphora known as the Northampton Vase. The amphora dates from 540 BC and is intact but for a patch damaged by water.

A private Swiss buyer was successful at £160,000 for another neck amphora. Hecht, Paris, paid £95,000 for a red figure Athenian plate of about 520-510 BC.

By telephone from New York Gregory Callimanopulos, a Greek shipowner, bought 15 lots to a value of £373,300. He told Christie's that some items would go to Greece and some to

SALEROOM

BY PAMELA JUDGE

New York. The four main lots were a black figure Athenian amphora (£90,000), a Panathenaic amphora (£60,000) a black figure Athenian lip cup (£58,000) and another neck amphora (£50,000).

University Art Museum, University of Texas, in Austin, bought 11 lots amounting to £74,000 and a private Texas collector took 10 items for £56,250.

Bamfords starts work again

BAMFORDS, THE farm machinery manufacturer resumed production at its Uttoxeter factory a month after going into voluntary liquidation.

It has resumed trading as Bamfords 1980 a new name for the subsidiary, Forlink. Bamfords set this up when it went into liquidation under a hiving-down agreement with debts of about £7m.

Forlink agreed in mid-June not to dispose or deal in the assets without High Court permission. The undertaking was sought by Gardner Steel, a creditor, which petitioned for Bamfords' compulsory winding-up. This petition was withdrawn, after a meeting of creditors where voluntary liquidators were appointed. The High Court subsequently validated the hive-down agreement.

Bamfords had about £700,000 of work when it stopped trading. It has taken back about 320 of the 480 employees at Uttoxeter, where the main product is balers. About 40 of the 100 employees at its factory in Mold, North Wales, will resume work next week.

The liquidators, from accountants Arthur Young, McClelland Moors, said it was hoped a buyer would be found to take over the company as a going concern.

New chief

MR. RICHARD WEIR, director of the Retail Consortium, is to take over as secretary general of the Building Societies Association next year.

Mr. Weir will succeed Mr. Norman Griggs, who retires next May. His salary will be £25,000 a year. He is expected to join the association a few months before Mr. Griggs' departure.

Savings sought

WAYS OF cutting Manchester's forecast deficit of £22m will be discussed by the budget subcomittee on July 15. Officers in charge of all main departments have been asked to prepare posible savings to stave off a massive increase in rates.

North 'summit' call

THE TUC's North-Eastern regional council is expected to call for a "summit" on the north's economic problems at its quarterly meeting on Saturday. This follows the publication earlier this week of the region's worst redundancy figures for years.

Insurance record

A RECORD increase in membership of private medical insurance was achieved last year by the three major private medical care provident associations, according to a report published today. The number of subscribers increased by 174,000 to 1.29m, and the number of people insured for medical benefits rose by 377,000 to 2.76m.

Lancia recall

LANCIA is to start on July 17 a recall of all 40,000 Beta models sold in the UK since the early 1970s. The move follows yesterday's publication of the findings of a Transport Department investigation into possible safety hazards caused by corrosion.

Royal Premiere to benefit three charities

THREE charities are to benefit from the Royal Premiere of the film Little Miss Marker on July 29. They are the Newspaper Press Fund, the Mountbatten Memorial Trust and the Wells Cathedral Appeal.

The performance is to be attended by Prince Charles, who heads the Mountbatten Memorial Trust and Wells Cathedral Appeal, both recently established.

The Newspaper Press Fund raises money for journalists and their dependents in need. It has distributed more than £2m since being set up in 1864.

The premiere is at the Plaza One cinema, Piccadilly, London. Tickets cost from £10 to £40.

New discipline scheme probes four companies

By Christine Moir

THE NEW joint disciplinary scheme set up by accountancy bodies to investigate members' professional activities, has been asked to look at the affairs of four controversial companies.

They are: Darjeeling Holding; Central Provinces Manganese Ore, Data Investments, and Viyella. They have all been the subject of Department of Trade investigations and reports.

This is the second time the disciplinary group has been asked to follow up Trade Department reports on companies. In April the reports on Burnholme and Forder, Brayhead and Ozalid were referred

Railwaymen deal blow to union amalgamation hopes

BY PHILIP BASSETT

THE National Union of Railwaymen (NUR) yesterday dealt a serious blow to the implementation of TUC proposals to reduce damaging inter-union rivalry on the railways.

The train driver's union ASLEF accepted at its conference last month the proposals put together by Mr. Len Murray, the TUC General-Secretary. These defined the spheres of influence of the NUR and ASLEF on both British Rail and London Transport, and sought to establish a joint railway trade union council.

But yesterday the annual conference in Guernsey of the NUR voted by about five-to-one to maintain the union's traditional stance of being the one union for the industry and to reject the "sectionalism" of the train drivers' union.

While the motion did not refer directly to the TUC's proposals, its very firm line will be used by its supporters in the NUR sub-committee. This is considering the TUC's plan before recommending a decision on it to the union's national executive.

The passage of the motion, by 61 votes to 12 with four abstentions, was directly contrary to the pleas of Mr. Sid Weighell, the union's General-Secretary. In an impassioned speech he warned that one of the ultimate consequences facing the union if it pursued the motion's line could be expulsion from the TUC.

This could happen if the union referred a demarcation case to the TUC disputes committee and, in line with the spirit of yesterday's motion, refused to accept the committee's rulings if they went against the union.

Mr. Weighell warned against turning down the prospect of one union for the industry, in about five years' time, which is what he believed the idea of a joint railway trade union council held out. This, he said, might increase the likelihood of ASLEF running into the arms of the Transport and General Workers' Union, with which it had been holding amalgamation talks.

"For God's sake, don't reject it—because you will leave us absolutely naked," he said. He warned that even if delegates turned away from the TUC's proposals, the TUC would continue to press its case to end the friction between the two unions, which has involved considerable poaching of members, exacerbated relations and worsened and prolonged recent disputes.

Nuclear engineers working to rule

SPECIALIST ENGINEERS who design and construct nuclear power stations have begun a strict work-to-rule in support of a 20 per cent pay claim.

The 750 engineers are employees of the Nuclear Power Company, which has unilaterally implemented a 14 per cent wage increase. The Institution of Professional Civil Servants has declared the action official.

● CANCER CLAIM: Trade unionists are exaggerating the industrial and occupational causes of cancer for political reasons, says the Chemical Industries Association.

Reviewing a STMS study of occupational cancer prevention, Dr. J. Keir Howard, the association's medical adviser, accuses its authors of "distortion" and deplores what he terms "brazen use of health issues for political ends."

● WARDENS—The Civil Service Union, which represents London's 1,000 traffic wardens, yesterday urged Mr. William Whitelaw, the Home Secretary, to intervene in talks on the future grading of the wardens.

● ABOLITION PLEA—The Electrical Power Engineers Association decided at an NEC meeting yesterday to seek abolition of the Boyle Committee dealing with the pay of top posts in nationalised industries.

● ILEA WARNING—The break-up of the Inner London Education Authority would be "an act of folly" with widely felt and wholly bad repercussions, the National and Local Government Officers Association said in evidence to the Young Inquiry on Inner London education.

Insurance company criticised

By Our Labour Staff

ALLEGATIONS of "unethical conduct" have been levelled against the Legal and General insurance company by members of the Association of Scientific, Technical and Managerial Staffs, with which it is in dispute.

Mr. Peter Kennedy, the ASTMS officer who has conducted negotiations on behalf of the 3,000 members in the company, said yesterday that the company's negotiators had offered to consolidate extra payments offered last week, then withdrawn the offer to consolidate after pressure from the L and G's chief executive.

The company has offered an extra 1.8 per cent on top of its previous offer of 16.2 per cent immediately, and a further 2.5 per cent from January of next year. ASTMS claims that negotiators originally offered to consolidate both these extra payments from next March.

Talks at The Times to restart after four months

BY JOHN LLOYD, LABOUR CORRESPONDENT

TALKS BETWEEN Time Newspapers and the National Graphical Association, the print craftsmen's union, have restarted after a break of four months in which each side alleged bad faith on the part of the other.

The two sides met on Tuesday, and agreed to define the areas of agreement and disagreement between them. A number of grievances, particularly in the machine room, have built up since the talks were suspended in March, and these are now expected to be tackled.

However, disagreement apparently remains on the crucial question of the operation of computerised equipment, now installed in Times Newspapers at a cost of £3m.

Mr. George Jerrome, the NGA's national officer with responsibility for Fleet Street, said last night that the Times management had acknowledged thta there should be no talks on "direct input"—typesetting by journalists and advertising staff —for three years.

The company said that the matter of when talks on direct input began was still to be resolved.

The NGA has said that the return to work agreement specifically ruled out talks on direct input for three years. Times Newspapers claims that an agreement between the NGA's leadership and its management last June stipulated that talks could begin within 12 months.

Both sides appeared hopeful, however, that the talks would proceed satisfactorily, and that the computerised equipment would come into use.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100); retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1979							
1st qtr.	110.4	102.6	98	100.7	134.0	1,351	224
2nd qtr.	114.9	107.1	107	106.2	144.8	1,299	256
3rd qtr.	112.7	103.1	99	99.5	144.6	1,269	247
4th qtr.	112.5	103.9	105	101.7	151.9	1,286	230
Nov.	114.0	105.4	112	102.5	153.2	1,282	234
Dec.	112.0	103.7	104	101.7	153.1	1,294	219
1980							
1st qtr.	110.2	100.5	97	103.2	157.8	1,379	193
Jan.	111.5	102.2	87	103.1	155.5	1,339	207
Feb.	110.2	100.9	98	103.9	158.5	1,383	191
March	108.9	98.4	106	102.6	159.4	1,414	181
April	108.2	99.9		102.3	161.0	1,458	169
May				101.0		1,484	163
June						1,534	147

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.2	127.0	98.8	98.4	100.0	12.9
2nd qtr.	108.6	102.9	133.1	102.7	110.0	103.0	21.3
3rd qtr.	105.8	96.2	132.3	95.0	103.8	100.6	21.0
4th qtr.	104.9	101.3	129.7	99.2	102.6	95.8	18.1
Nov.	107.0	103.0	132.0	101.0	105.0	98.0	18.4
Dec.	105.0	103.0	128.0	101.0	100.0	93.0	15.0
1980							
1st qtr.	103.9	101.2	124.9	99.0	63.1	91.6	12.3
Jan.	106.0	102.0	127.0	101.0	65.0	94.0	13.2
Feb.	104.0	103.0	124.0	100.0	59.0	91.0	11.4
March	102.0	99.0	124.0	96.0	65.0	89.0	12.2
April	102.0	101.0	122.0	97.0	85.0	89.0	14.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	16.78
2nd qtr.	135.3	128.9	−486	−31.0	−229	160.4	21.69
3rd qtr.	129.8	123.1	−493	−238	−158	106.8	23.18
4th qtr.	129.3	128.9	−745	−674	−157	103.7	22.54
Nov.	131.8	125.8	−75	−51	+27	104.1	22.42
Dec.	131.3	131.2	−252	−229	+88	102.6	22.72
1980							
1st qtr.	131.3	126.5	−723	−417	−126	100.7	24.87
Jan.	129.8	128.0	−315	−213	−76	100.9	23.71
Feb.	136.5	128.9	−232	−130	−45	100.6	23.93
March	127.7	122.7	−176	−74	−5	100.6	26.96
April	127.2	127.6	−264	−214	+44	101.8	28.01
May	130.2	121.4	−18	+32	−10	102.0	28.28

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	9.7	17.2	28.5	+2,707	777	1,867	14
3rd qtr.	15.5	10.2	13.2	+2,409	933	1,879	14
Dec.	5.1	12.6	16.2	+230	161	593	17
1980							
Jan.	−6.9	8.1	22.6	+738	235	688	17
Feb.	−6.7	6.1	20.7	+272	199	665	17
March	−2.3	7.5	25.4	+705	200	641	17
April	−3.4	4.8	18.8	+678	266	676	17
May	4.0	11.4	21.9	+1,122	225		17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
Dec.	165.1	187.5	183.4	139.4	239.9	295.13	69.7
1980							
1st qtr.	..	197.6	191.5	248.8	247.5	284.47	72.4
Jan.	163.0	193.5	188.5	245.3	244.8	308.69	71.4
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	352.2	251.1	284.47	72.6
April	174.8	202.4	197.0	260.8	254.1	275.67	72.6
May		200.6	199.3	263.2	255.7	268.23	74.3

* Not seasonally adjusted.

Engineering employers back tough pay stance

BY OUR LABOUR EDITOR

MINISTERS' exhortations to industry to keep pay rises in the coming wage round well below the rate of price inflation have been endorsed by the Engineering Employers' Federation (EEF).

Engineering employers take the view that they need no urging. The EEF, which is shortly to receive a new pay claim from the Confederation of Shipbuilding and Engineering Unions, says that its members are unable to pass on costs because of the struggle to sell goods abroad when the exchange rate of the pound is high.

Despite its anxiety to see wage rises brought down everywhere—in profitable as well as unprofitable concerns—the EEF has also backed the Government's refusal to contemplate a formal incomes policy.

Mr. Anthony Frodsham, director-general of the EEF, said yesterday: "I am convinced that the Government should not abandon its opposition to an imposed incomes policy.

"Everyone must sympathise with the anguish of those whose jobs are disappearing. But we must also look to the lessons of the past 30 years.

"There is one real hope in the present industrial blizzard: people are beginning to understand that high pay claims lead to a fall-off in orders, to the crippling of companies and to the loss of jobs."

His remarks come as big engineering companies, including the motor manufacturers, are indicating that they will fight hard this year to settle well below the retail price index. Talbot has offered 8 per cent and Lucas Industries will offer a "maximum" of around 10 per cent.

The ISTC's alternative for BSC

Union urges a steel price cut

BY CHRISTIAN TYLER, LABOUR EDITOR

THE British Steel Corporation (BSC) should cut its prices by an average 10 per cent in order to recapture a dwindling market share in the UK and compete abroad, says the Corporation's biggest union, the Iron and Steel Trades Confederation (ISTC).

The estimated cost of the price cut, £500m in a full year, would be retrieved by operational and financial improvements, or by Government subsidies of the kind employed in competitor countries, or by a combination of the two.

This is the central proposal in a detailed alternative strategy for the State-owned industry published by the union today in advance of the unions' first meeting with the new chairman, Mr. Ian MacGregor.

A 180-page pamphlet called "New deal for steel" explains why the union believes the present programme of plant closures and capacity cutting should be stopped in its tracks, and why the Corporation should be geared up for a possible steel shortage later in the decade.

Without a radical new plan, capacity might have to be cut, not to 15.2m tonnes a year as presently planned, but to 10m or 7m tonnes, the pamphlet says. Both the big South Wales plants, Port Talbot and Llanwern, which were recently slimmed down, could abut entirely, along with Scunthorpe. There would have to be cutbacks in Sheffield and Scotland.

The ISTG accuses BSC of exaggerating world steel overcapacity and attempting "to paint as black a picture as possible of its home market prospects to cover up what has really been happening."

BSG was "voluntarily accepting" over 40 per cent of the EEG's desired cut in capacity of 6m tonnes although it was only the fourth largest producer. Belgium's output, for example, was due to rise from 17m to 20m tonnes, although its population was less than a fifth of the UK's.

The UK steel industry had the lowest labour costs in Europe, however measured, says the union. Output per man was also much higher than BSC figures claimed, and production manning very tight.

The loss sustained by cutting prices by 10 per cent could be made up by developing a more aggressive marketing policy, with the help of professional salesmen; by going back into export markets; by more investment in continuous casting and at the finishing end of the production process; by more use of electric arc furnaces; and by bowing to the customers' wish to choose from which plant they take their deliveries.

BSC should also follow the example of other producers and diversify into non-steel products.

Specific operational savings identified by the union are:

- £78m from reducing the coke used in ironmaking, £5m from leasing part of Hunterston, Ayrshire, and £40m from the sale of one of the Hunterston direct reduction plants.
- £45m by cutting workers overtime and absenteeism by half.
- £20m by passing the cost of the job-creation subsidiary, BSC Industry, to the State;
- £81m by reducing "anti-strike" stocks;
- £59m from a revaluation of assets and £100m from a capital reconstruction and the cancellation of long-term debt.

Index at highest since January

BY NIGEL SPALL

THERE WAS an upsurge in Stock Exchange turnover last month as hopes of a reduction in interest rates out-weighed the gloomy economic outlook and the post-war peak in unemployment.

Turnover at £19.32bn was up £4.48bn, 32 per cent. The FT Turnover index for all securities rose from May's 448.5 to 592.1, its highest since January's 660.8 and well above 1979's monthly average of 431.5.

A revival of overseas demand for British Funds saw business in this sector improve by £3.87bn, nearly 34 per cent, to £15.26bn. Trade in the longer-dated Government securities jumped £2.04bn, 65 per cent, to £7.46bn. Business in the short maturities rose £0.93bn to £7.80bn.

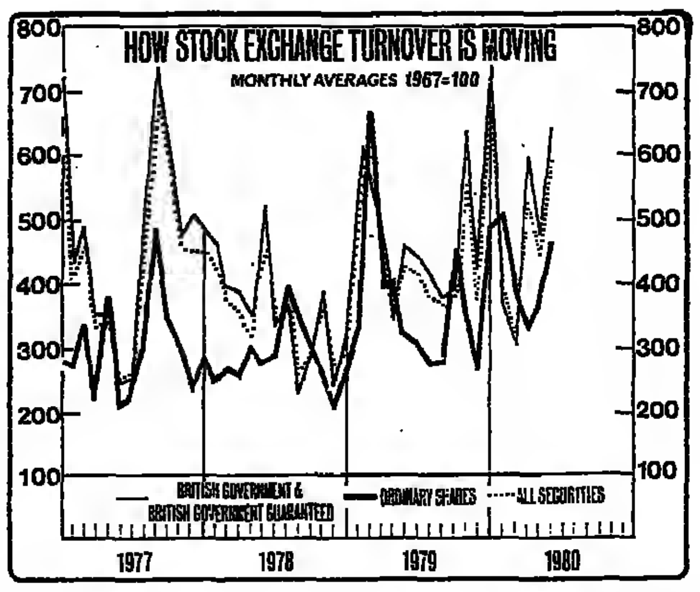
The number of bargains done in the Funds increased by 4,065 to 90,394. Deals in the longs, 6,019 higher at 57,186, more than compensated for a fall in the shorts from 35,162 to 33,208. The FT Turnover index for Government securities rose to 645.8 from May's 482.0 and compared with January's 739.5.

Business in equities also improved but interest in manufacturing stocks flagged towards the end of the period on gloomy predictions about industrial profits and dividends.

But equity turnover rose nearly 30 per cent, from £2.02bn to £2.62bn, taking the FT Turnover index for Ordinary shares to 468.1 from May's 361.0. The number of equity bargains rose by 82,103 to 361,474 and the average value per bargain increased from £6,992 to £7,258.

Share prices of the miscellaneous industrial leaders turned in a highly satisfactory performance, despite the mid-month deferral of hopes for lower interest rates. From an end-May level of 415.9, the FT Industrial Ordinary share index advanced to its month's high of 473.1 on the 18th and ended June 48.9 points up at 464.8.

Renewed demand for gold saw the bullion price register a month's gain of $116 an ounce at $651.50. The FT Gold Mines index finished the month 22.7 points higher at 355.5. Mining finance shares were considerably enlivened by British Petroleum's takeover approach to Selection Trust.



Category	Value of all purchases & sales £m	Total %	Number of bargains	Total %	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed							
Short-dated (having five years or less to run)	7,798.3	40.3	33,208	6.8	371.3	234,831	1,581
Others	7,460.4	38.6	57,186	11.8	355.2	130,457	2,723
Irish Government							
Short-dated (having five years or less to run)	536.1	2.8	1,427	0.3	25.5	375,664	68
Others	345.7	1.8	1,969	0.4	16.5	175,571	94
UK Local Authority	380.3	2.0	4,837	1.0	18.1	78,615	230
Overseas Government Provincial and Municipal	23.2	0.1	1,711	0.4	1.1	13,538	82
Fixed Interest Stock Preference and Preferred Ordinary shares	155.2	0.8	25,032	5.1	7.4	6,200	1,192
Ordinary shares	2,623.4	13.6	361,474	74.2	124.9	7,258	17,213
TOTAL	19,322.4	100.0	486,844	100.0	*920.1	39,689	23,183

* Average of all securities

Withdraw charges, Tories tell Rooker

By Ivor Owen

MR. JEFF ROOKER (Lab., Birmingham Perry Bar), sat silent in the Commons yesterday when Tory MPs called on him to withdraw the "bribes" charge which, under the protection of Parliamentary privilege, he levelled against Rolls-Royce a fortnight ago.

The issue was raised by Mr. Peter Rost (C., Derbyshire South East), who emphasised that the inquiry conducted by Rolls-Royce had found no evidence to support the allegations.

Mr. Frank Turner — the *Rolls-Royce executive named* by Mr. Rooker—and other members of the Rolls-Royce management live in Mr. Rost's constituency.

He asked Mr. George Thomas, the Speaker, if Mr. Rooker had given any indication that he wished to make a personal statement withdrawing the unsubstantiated allegations and apologising to Rolls-Royce

When the Speaker replied that Mr. Rooker had not requested permission to make such a statement, there were shouts of "disgraceful" from the Government benches.

Mr. Hugh Dykes (C., Harrow East), complained that the whole affair was gravely damaging to the reputation of Parliament.

He suggested that Mr. Rooker had either made a genuine mistake through misconstruing information supplied to him or, subconsciously and without realising it, he had indulged in "personal self-aggrandisement."

To Tory cheers, Mr. Dykes insisted: "Surely it is incumbent upon Mr. Rooker to do the only honourable thing and withdraw these unsubstantiated allegations."

£22m debts written off

THE GOVERNMENT has agreed to write off £22m of debts incurred by Rhodesia before UDI in 1965, Mr. Richard Luce, Foreign Office Under-Secretary, announced in the Commons last night.

He told MPs that agreement had now been reached between Britain and Zimbabwe on the Government's claims on obligations contracted before UDI.

EEC budget deal 'has settled nothing'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE AGREEMENT accepted by the Government on the reduction in Britain's net contribution to the EEC budget has settled nothing and a new and exhausting battle will have to be fought to get a fair deal, Mr. Peter Shore, Labour's Foreign Affairs spokesman told the Commons yesterday.

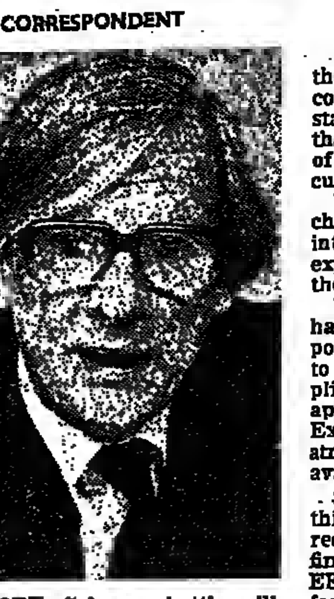
He claimed that the British people were "angry and disappointed" at the settlement, and that their feelings were secretly shared by tha Prime Minister herself.

But the Brussels agreement of May 30 was strongly defended by Sir Geoffrey Howe, Chancellor of the Exchequer.

"Our budgetary position is safeguarded for three years at least, end the Community plans *to undertake long-term reforms* to prevent a recurrence of our problems," said the Chancellor.

"The position has been transformed. This is a highly advantageoua agreement.

"We don't see the egreement of May 30 as the end. We see it as an important step in the continuing process of improving and developing Community policies."



SHORE: "A new battle will have to be fought"

Sir Geoffrey emphasised that the 1 per cent ceiling on VAT contributiona from member states would be maintained and that this would heve the effect of curtailing the Common Agricultural Policy.

"Thia means that radical changes will heve to be made int he way in which agricultural expenditure is financed from the Community budget," he said.

"Tha Community as a whole has at last firmly grasped the point that the budget will hava to be subject to the same disciplines that all member states apply to their own budgets. Expenditure must be constrained by the amount of monay available."

Sir Geoffrey predicted that this would mean the most far reeching reform of Community finance since the late 1960s. The EEC now had the opportunity, for the first time, of getting the CAP under control and working towards a budgetary structure, to provide a reasonable balance for all its members.

He was opening a Commons debate on a Government motion welcoming the Brussels agreement. But the Labour Party had put down an amendment deploring the settlement on the grounds that Britain would still be the aecood largest contributor to the budget and there had been no lasting reform to the budgetary arrangements.

The amendment also claimed that the Government had made concessions on lamb and fisheries which would lead to damaging price increases.

The division of opinion among MPs in both the major parties soon became apparent in the debate. Sir Geoffrey was sniped at by Tory anti-marketeers during his speech. On the other side of the House some Labour pro-marketeers were expected to abstain and refused to vote for their party's official amendment despite a three line whip.

Mr. Tony Marlow, (C., Northampton North) asked the Chancellor whether the £710m reduction in Britain's 1980 budgetary contribution would all be made this year or whether the Government would still hava to meet part of it by borrowing at high interest rates.

The Chancellor told him that the bulk of the net 1980 reduction would come in this financial year but a small proportion might stretch into the following year.

From the Labour front bench, Mr. Shore accused Sir Geoffrey of making a "brazen and frivoloua speech" which gave a distorted version of the history of EEC negotiations.

Instead of tha "broad balance" in the budget which Mrs. Thatcher and Sir Geoffrey had been aiming for, Britain would contribute £371m net in 1980, £445m in 1981, while in 1982 the contribution could not be less than £550m.

"So much for the broad balance," he commented scathingly.

Instead of a permanent settlement of the budget we had a three-year agreement and the Prime Minister had also eaten her words over the specific pledge that Britain would insist on an agricultural price freeze.

Employer-union pay agreement vital to power station programme

BY NICK GARNETT, LABOUR STAFF

THE CENTRAL Electricity Generating Board told MPs yesterday that it was difficult to see how the country could proceed with its power atation building programme unless there was a common employer-union agreement on pay for large construction sites.

Mr Dennis Loman, CEGB board member with special responsibility for construction, told the Energy Select Committee that the board would not accept the use of laggers supplied by the General and Municipal Workers' Union on the Isle of Grain site unless certain conditions were met.

The prinicpal condition was a harmonisation of wage rates and a limit on bonuses on the site, at which other unions have for the past few months been supplying laggers themselves.

The cost effect of delays—including those arising from disputes—on large construction sites was underlined by Mr Loman.

The projected cost of the UK's nuclear power station building programme was £5.68bn, assuming no delays and no inflation.

This figure rose to £9.5bn assuming 12 per cent inflation and no delays, and to £24.6bn if there was 12 per cent inflation and a five-year delay in the programme.

Mr Lomen told the committee—which is studying the Government's nuclear energy programme—that the CEGB, the Isle of Grain client, atrongly supported the concept of a national agreement providing its terms were not inflationary.

He said the CEGB had taken a policy decision to resist the open-ended bonus scheme applying to laggers at Grain, a scheme which was bad for industrial relations and had been "manipulated."

CEGB officials told MPs that Mr David Basnett, general secretary of the General and Municipal Workers' Union, had been approached in the late 1970s on a number of occasions by the CEGB to discuss delaya at Grain. Mr Basnett, however, had declined to meet the CEGB on this.

Part of the problem at Grain andw on other large construction sites had arisen because of the general swing of allegiance from national union officials th site "militants." Mr Loman said. A national agreement would help to shift power back to where it should belong.

The select committee was told that the Drax power station project in South Yorkshire was being constructed on a system in which contractors could lose their contracts if they stepped out of line on agreed pey and bonus rates. This system, said Mr Loman, could perhaps be aeen as a way in which the industry should be going.

A national agreement was a crucial element in solving many of the problems on big construction sites but it would not solve all of them.

Big power station projects needed shift working which unions generally were reluctant to agree to.

There was a general correlation between the use of local labour and industrial disruption, said Mr. Loman. Generally, contractors should be able—as in Europe and elsewhere—to use a greater element of professional "travelling men."

Mr Loman said that one type of payment system he would like to see in operation would be a scheme where so much per bour was paid to the individual worker but retained by the employer and held in the bank until the job was finished. This amount of banked money would be forfeited immediately there was unofficial strike action.

Quick decision 'should be made' on future of Civil Sevice Department

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A QUICK DECISION should be reached about the future of the Civil Service Department, Sir Ian Bancroft, the Head of the Home Civil Service, told MPs last night.

Sir Ian said that current speculation about the future of the departmeot had led to low morale among its staff.

He was appearing with Sir Douglas Wass, the Permanent Secretary to the Treasury, before a sub-committee of the All Party Treasury and Civil Service Committee of the Commons.

The sub-committee has been looking into the role and power of the department, whose future is currently being reviewed by the Prime Minister. There has been considerable criticism of the department for failing adequately to control the Civil Service. These points have been made by a number of people within and outside Whitehall.

At a previous public session of the sub-committee, Sir Robert Armstrong, the Cabinet Secretary, said that he thought that the momentum of the department after the reforming Fulton Report of 1968 had run out.

Ae yesterday's hearing both Sir IanI and Sir Douglas were studiously non-committal about various suggested future roles for the department.

Sir Ian strongly defended the record of hisd epartment and said its achievements in promoting efficiency, in controlling manpower and encouraging tha proper use of personnel were "evidence of vitality rather than of inertia."

Sir Douglas stressed that success in managing the Civil Service and in ensuring efficiency depended on the priorities of the administration and politicians of the day rathar than on organisations.

He said thare were no physical or administrative barriers to either a supeficial or a deep integration of the Civil Service Department back within th Treasury, where it was before 1968.

Sir Douglas said that he had mixed views on the dsirability of reintegration. On the one hand he saw value in tha specialisation in pay and management work which had been developed by the Civil Service Department. On the other hand he had seen since the split of the two departments in 1968 that there had been some loss because staff were not offered the variety of work whiche ould come within an integrated Treasury.

Atkins cautious on Ulster devolution plan

BY IVOR OWEN

WHATEVER POWERS are devolved to Ulster, security will remain a responsibility of tha British Government, Mr. Humphrey Atkins, the Northern Ireland Secretary, insisted in the Commons last night.

While notably cautious about the prospects for progress on the basis of the White Paper published earlier in the day, he refused to accept that action limited to the lowest common denominator of agreement offers the only path forward.

This was the approach suggested by Mr. Peter Mills (C, West Devon), a Northern Ireland Junior Minister in the Heath Government, who argued that if a start were made in areas where agreement had already been reached, the necessary confidence might be created to justify an advance into other more difficult spheres later.

While agreeing that this was a possible approach and ona which would have to be considered, Mr. Atkins declared: "We are aiming higher than that at this stage."

His carefully balanced outline of the problems involved in securing a framework which permits the executive powers of government in Northern Ireland to be exercised so as to "take account of the interests of both parts of the community" underlined the magnitude of the task ahead.

Mr. Otkins promised to carefully weigh the views of MPs when the White Paper is debated in the Commons in the near future.

Following that debate, he said, there would be confidential bilateral talks with the Northern Ireland parties.

But, for the time being, it was not the Government's intention to reconvene the conference of the principal political parties—a conference which was boycotted by the Official Ulster Unionist Party.

Mr. James Molyneaux, MP for Antrim South and leader of the Official Unionists, warned that any attempt to resurrect the 1973 "rigged executive" (when the "power-sharing" concept was introduced), would again be decisively rejected by the Northern Ireland electorate.

He added that an attempt to take account of the interests of both parts of the community through two Cabinets would be a recipe for disaster and make government in Northern Ireland totally impossible.

ATKINS: "no question of having two Cabinets"

Mr. Atkins immediately assured the House that there was no question of Northern Ireland having two Cabinets.

He also sought to reassure the Rev. Ian Paisley, MP for Antrim North and leader of the Democratic Unionist Party, who declared that any attempt to have a Northern Ireland government which was so rigged that the minority, by artificial devices, could become the majority and exercise a veto, would be "totally unacceptable."

Mr. Atkins told Mr. Brynmor John, Labour spokesman on Northern Ireland, that a referendum had not been ruled out by tha Government.

Mr. Kevin McNamara (Lab., Hull Central) asked whether the Government intended to legislate for some sort of an Assembly come what may, whether there was referendum or not.

Mr. Atkins replied: "That is what we hope to do. "If we can get a high level of acceptance of a system in Northern Ireland we shall come to the House with proposals for legislation."

Mr. Atkins maintained that the introduction of a generally agreed system of government in Northern Ireland would represent a great step forward in the security situation.

White Paper on the government of Northern Ireland

THE GOVERNMENT'S long awaited White Paper on the government of Northern Ireland was released yesterday as a document entitled "Proposals for Further Discussion."

In it the Government sets out proposals, including two possible forms of administration, for the government of the province in the light of recent discussions, particularly at the Conference of Northern Ireland. That ended last March and three of the four main political parties in the province participated.

As an "outer framework," the paper envisages a new single chamber Northern Ireland Assembly of about 80 members. It would heve legislative powers and be elected on the single transferable vote system of proportionel representation.

The Government says it hopes that, following further discussion with all the parties, it can put forward specific proposals for legislation in the next Parliamentary session. The province hes been run by direct rule from Westminster since 1972.

It was last October that the Government announced its intention to convene a conference of the four main political parties in the province: the non sectarian Alliance Party, the predominantly Roman Catholic Social and Democratic Labour Party, and the largely Protestant Ulster Democratic Unionist and Ulster Unionist Parties.

The Ulster Unionist Party, which is also known as the Official Unionist Party and which, with five Westminster seats (out of 12 for the province), has the largest Commons representation of any Northern Ireland party, declined to attend the talks.

Instead, the Official Unionists submitted a paper to the government giving their views.

The basis of the conference was a working paper which set out the following principles:

● any powers transferred should be transferred to elected representatives of the people of Northern Ireland. But the overriding authority of Westminster should be preserved;

● there would have to be reasonable and appropriate arrangements to take account of the interests of the minority;

● under any new arrangements existing safeguards and remedies against discrimination on religious and political grounds should be at least maintained and if possible improved:

● responsibility for Defence and foreign affairs (including relations with the European Community) should remain with the UK;

● law and order should remain with Westminster;

● the power to raise revenue by taxation would also remain with Westminster, but there could be a local power to levy a rate.

The conference did not lead to a negotiated agreement for a future pattern of government. That was never expected. The conference was aimed at establishing the highest level of agreement between the parties.

Having traced this background, yesterday's White Paper looks at the position in the province in terms of:

1—the prospects for stability and reconciliation;

2—the security background;

3—the financial and economic background;

4—the Irish Republic dimension.

● RECONCILIATION AND STABILITY

The Government emphasises in the paper that the key to stability in Northern Ireland is the healing of the divisions between the two communities.

"New institutions of government which the minority community cannot accept as its institutions will not bring stability and so will not be worth having. It must therefore be in the interests of the majority community, desiring as it does stability and the fruits that this can bring, to accept institutions that offer opportunities of participation to the minority.

"Equally, it must be in the interests of the minority community, given institutions which afford its members opportunities of participation and safeguards against discrimination, to join wholeheartedly in making those institutions work."

The Government, it is said, can create with the help of representatives of the two communities, fair and workable institutions—but cannot create the will to make the institutions work. "That will to work together must come from the people of Northern Ireland themselves."

The document is concerned with the government of Northern Ireland as a part of the UK, a constitutional status which it says clearly reflects the wishes of a substantial majority of the people of the province.

● The Security Background

"It is the Government's policy to combat terrorism within the framework of the law, with the lead taken by the police, and the Army in a vital but supporting role. In recent years the security forcea have achieved considerable success against terrorism, but it is apparent that much remains to be done.

"The security situation has a direct bearing on one aspect of any new arrangements for the government of Northern Ireland. The involvement of the UK Government in the fight against terrorism—in terms of manpower, equipment and installations, and their operational use—is such that it is not realistic to envisage conferring on a Northern Ireland administration full responsibility for the criminal law and the police and prison services. Equally, that administration should not conduct its business either isolated or excluded from the concern for security which is pervasive.

Arrangements will thus be needed to give those representatives a voice in security matters while the responsibility remains, as it must for the present, with the Government."

● The Financial and Economic Background

"Tha social and economic difficulties of Northern Ireland are already recognised by the Government. Public expenditure per head is 35 per cent above that in Great Britain, placing a considerable and rising cost on the taxpayer. In 1979-80 public spending in Northern Ireland was some £2,600m, of which only ebout 56 per cent was financed from local sources.

"There are implications here for the form of new arrangements for government in Northern Ireland."

● The Irish Republic Dimension

The White Paper affirms the principle of consent as the only framework "within which those who wish to maintain Northern Ireland's present status within the UK and those who aspire to Irish unity can pursue their own objectives by legitimate and peaceful means." It reiterates the pledge of successive British Governments that they will respect the wishes of the Northern Ireland electorate about the constitutional future of the province, but that whatever that may be it is in the interests of both communities to recognise and develop the existing links between Northern Ireland and the Republic of Ireland.

The proposala which the White Paper puts forward for further discussion talk of ao "Outer Framework" for government of the province. These proposals are:

1. there should be a province wide administration based on a single elected body of about 80 members;

2. the method of election to the assembly should be the single transferable vote form of proportional representation. This method is familiar and well established in Northern Ireland, having bean used since 1973 for all elections save Westminster;

3. a new assembly should have responsibility over a range of subjects which were transferred from the province in 1973. The main ones are agriculture, commerce, education, employment, environmental matters including housing, health and social services;

4. the Northern Ireland Secretary would retain responsibility for reserved metters, such as law and order, and for the consideration of Northern Ireland's public expenditure programme in the overall UK context;

5. an advisory council would provide a forum for general discussion end consultation with the Northern Ireland Secretary on those matters on which he remained responsible to Parliament;

6. the assembly would be empowered to legislate on transferred metters;

7. individual assembly members would be responsible for the executive direction of the Northern Ireland departments;

8. there would be representative departmental committees with extensive investigatory, scrutinising advisory and legislative powers.

Within this framework, the paper then asks how this executive should be formed.

"The Alliance Party draw atteotion to the fundemental community division which they say is at the root of the political problem and can be resolved only by the creation of political institutions based upon the principle of partnership. The Alliance Party say that an administration drawn from all substantial elected groupings on the principle of proportionality would create political structures which both sections of the community would support. At the Conference they made detailed proposals for an executive committee system of government based on proportionality.

"The SDLP say that the essential requirement is to create a political process which will allow mutual confidence and trust to develop in Northern Ireland, leading to lasting peace and stability; this can only be achieved through a period of partnership between the two communities. At the Conference the SDLP, while not regarding partnership as a natural end in itself, advocated a cabinet-type partnership administration reflecting proportionately the strength in the assembly of all parties willing to participate in such an administration.

"The UDUP say that if any system is to be acceptable it must not seek to deny to an elected majority the rights which democracy bestows on the majority; the executive should be formed by that party or group of parties which has been placed in the majority in the elected forum. The UDUP accordingly proposed at the conference a cabinet-style administration formed by a majority grouping in the assembly.

"In their proposals sent to the Prime Minister in December, 1979, the UUP advocated a form of devolved governmeot with a cabinet system of administration formed by the leader of the largest group of members returned to the assembly.

"Thus, the four parties are far from agreeing on the crucial question how arrangements are to be made in a new system of administration for the involvement of representativea of the minority community. They will need significantly to narrow the difference between them if the Government is to be able to introduce in the next session of Parliament legislation which would transfer substantial powers back to elected representatives of the people of Northern Ireland."

The special circumstances of Ulster make it vital, the White Paper says, that any scheme for the government of Northern Ireland should, while retaining the support of the majority community, depart substantially from the Westminster model.

The White Paper sets out two alternatives: The first is a system which guarantees any party winning a certain proportion of the popular vote a seat in the executive. Thus a party with, say, 25 per cent of the popular vote would be assured of a quarter of the executive seats.

There are various ways an executive along these linea could be formed. One would be direct popular election, thus preserving the primacy of the ballot box. Simultaneously with the election of the assembly the electorate would be asked to vote separately (and by a system of proportional representation on a province-wide basis) for candidates for the executiva.

Another way would be to have single election through proportional representation, to the asembly and then form the executive by reference to the strengths of the parties elected to the assembly. Either the assembly membera could elect an executive from their own midst using an appropriate mechanism to allocate portfolios, or a simple mathematical formula could be used to allocate executive portfolios to those parties which obtained a qualifying number of members in the assembly.

The White Peper rejects suggestion of a majority rule executive, but with weighted majorities in the Assembly needed to pass legislation.

Instead, as the second alternative, it suggests having an executive made up by the majority in the legislature, but supporting this with a second "novel institution," a Council of the Assembly.

This would be made up of chairmen and deputy chairman of departmental committees of the assembly with a range of powers.

The Government believea this system would provide a way for minority representatives to participate in and influence the process of government in both the legislative and executive forms without holding executive seats.

If the chairmanships and deputy chairmanships of departmental committees were allocated equally between assembly members of thoae parties supporting the executive and those opposing it then those chairmen and deputy chairmen could form a council of the assembly.

The chairman of the council would be drawn from its membership but would have no additional voting power. Composed in this way the council would thus be equally divided between those assembly members supporting and thoae opposing the executive, and to be effective any proposition on which it had to decide would have to attract at least 50 per cent of the votes plus one.

The precise powers of the council would be for discussion. At a minimum, it would have an advisory role. But to possess real influence, the Government believes, it would also need some or all of the following powers.

a) the ability to delay legislation (though not appropriation measures) for a certain period. Though of limited effect this would focus public attention on anything to which the minority objected;

b) the ability to refer proposed legislation back to the assembly or to refer proposed legislation or executive decisions if they were considered to be discriminatory to an outside appeals body of a judicial or political nature;

(c) a provision requiring that, before being passed by the assembly, all legislation and the public expenditure programme would require the council's approval. This would give the Council a blocking power (since the 50 per cent of its membership from parties supporting the Executive would be insufficient to give approval. In practice, the White Paper says, the hope would be that such a power would never be used. But the possibility that it might be would be sufficient to lead the two sides to an accommodation on any issue between them.

However, to ensure that deadlock did not bring government to an unacceptable halt, this power would have to be made subject in the last resort to override by Order made by the Northern Ireland Secretary, which could perhaps be subject to Parliamentary approval at Westminster.

CONCLUSIONS

"It is not desirable to continue indefinitely with the system of 'direct rule' as the means of governing Northern Ireland. The Government seeks therefore to bring about a transfer of responsibility for some of the powers at present exercised from Westminster to locally elected representatives. The Government believes that the proposals set out in this Document could secure such a transfer in a way calculated to meet the special needs of the people of Northern Ireland.

"The Government now intends to embark on the fullest possible programme of consultation and discussion. If, in the event, it concludes that proposals along these lines would secure the acceptance of the people of Northern Ireland and the participation of their political leaders in their operation, it will bring forward legislative proposals before Parliament. In the absence of such acceptance, the Government would then explore other ways of making the government of Northern Ireland more responsive to the wishes of the people of Northern Ireland. Such alternatives could involve a progressive approach to the transfer of a range of powers to a locally elected Assembly.

"Her Majesty's Government urges all sections of the Northern Ireland community to give serious consideration to the proposals in this Document bearing in mind the urgent need of the province for institutions which will assist in the task of reconciliation and reconstruction. It is the Government's firm hope that thereby can be achieved a system of government which the people of Northern Ireland will support."

The Government of Northern Ireland: Proposals for Further Discussion. Cmnd. 7950. SO, £1.50.

MAIN PROPOSALS

The Government White Paper for further discussions on the government of Northern Ireland envisages a single house legislature of 80 seats. Members would be elected by proportional representation with a single transferable vote. The Assembly would have an executive and control areas like education, housing, employment, agriculture, commerce and environmental matters. Westminster would retain control of foreign affairs, finance and law and order.

The White Paper proposes two alternatives as a means by which an executive or cabinet could be elected.

1. A system which guarantees any party winning a certain proportion of the popular vote a seat in the executive. Thus a party with, say, 25 per cent of the vote would be assured of a quarter of the Executive seats.

This would be tantamount to power sharing at an executive level between the largely protestant Unionist majority and the Roman Catholic minority.

2. An executive based on majority rule, but supported by a new second body known as a Council of the Assembly. This council would be made up of chairmen and deputy chairman of Departmental Committees.

These chairmenships would be allocated equally between members supporting the Executive and those opposing it.

Any proposition on which it would have to decide would need 50 per cent plus one vote. The Council would have delaying and possibly even blocking powers over legislation decided by the Executive.

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

CANNES AWARDS FESTIVAL

Tempers fray on Côte de Fiasco

BY JOHN SIMMONS

ANY SALESMAN enterprising enough to set up a fruit and vegetable stand outside the Palais des Festivals at this year's Cannes festival of advertising films would have gained a small fortune. Delegates, furious at the jury's meagre short-list of selections revealed the previous day, equipped themselves with bags of tomatoes and other software, ready to discharge their frustrations at the awards ceremony.

They were out of luck. Earlier, the Screen Advertising World Association, the UN of international screen advertising, had found itself with a new problem: for the first time in 27 years, a swarm of 3,000 enthusiasts had descended upon the Croisette: creative directors, producers, film directors, even a handful of advertisers, all eager to see 1,900 commercials created by the talents of 37 countries.

The problem was how to fit them all into a festival cinema with a capacity of 1,500 for the climactic show of the week.

The solution offered was both obvious and simple: present the awards ceremony twice, as two consecutive shows.

At the second show, the formal 'black tie' presentation, vociferous disapproval of at least half the awarded commercials implied that the jury, having offered themselves for trial, should be put in the stocks.

How could it be that the highest entry ever was appraised by 18 creative advertising professionals as being of the lowest standard ever, diminishing the usual number of entries represented on previous short-lists to a meagre 7 per cent of the television commercials and to 5 per cent of cinema films?

Perhaps all would be explained at the jury's Press conference. It was not, at least not satisfactorily.

Len Sugarman, creative director of Foote Cone & Belding in London and one of the two British members of the jury, suggested some reasoned criteria: "There is very little advertising that is sales-effective and original and presented with terrific flair and is technically excellent, but that was what we were looking for, the perfect commercial, and we found so few." "Only excellence should survive," added Barry Day of McCann, president of the jury.

The most startling decision of the jury was that no films deserved a grand prix, either for cinema or for television advertising, so the surge of delegates slumped homeward, confused as to whether it was worth entering any of their nationally successful ideas in 1981, or whether they would try to do better and gamble against the subjective judgements of foreign maestri yet again.

It is an oddity that the one British advertising agency that never enters the jousts directly, relying instead on the choice of the production companies it uses, is usually Britain's most successful representative. Collett Dickenson Pearce attracted one of the three British television gold lions (from ten awarded), a popular choice that featured the best performance of the fiesta—Dudley Moore as a punk disc-buyer sans Barclaycard.

A dramatic demonstration of the safety of the Citroen car earned a second gold for Britain (Colman Advertising); while Boase Massimi won a gold for Hellmans Mayonnaise, and three silver for St. Ivel Gold, Prestel, and the COI's fire-prevention campaign.

Silver for Britain was also earned by J. Walter Thompson for the Guinness Toucan, Davidson Pearce for The Observer, and KMP for Post Office Telecommunications, the latter reminding us that strong casting and a good laugh at the end is a formula even hard juries fail to resist.

There were no golds for cinema entries. FCB won a silver for Britain for St. Raphael's mural-in-the-making, while Sweden scored with a family planning drama.

Many of the commercials relied on happy, fast-cut lifestyles which could neatly and casually have accepted almost any product. Many directors made films out of the advertising, instead of advertising out of film craft. And many agencies paraded expensive and unnecessary production values. "Safe" commercials may be disdained by sophisticated awards juries, but it could be more in the advertisers' interests to be brilliant only when it is relevant. Most advertisers would prefer more matter and less art.

ANN BURDUS IS ONE OF THE MOST INFLUENTIAL WOMEN IN WORLD ADVERTISING:

The chairman who wields a velvet fist

FOURTEEN MONTHS ago, Ann Burdus arrived hurriedly from New York to take over as London chairman of McCann & Co., one of the three biggest advertising groups in Britain. The appointment immediately identified her as one of the most influential women in international advertising, and other honours followed. She was named Times Businesswoman of the Year. This summer she takes over as chairman of the Advertising Association, which will strengthen her influence in business and with government.

She says she has been lucky, that her career has progressed via a series of what in retrospect seem highly rational stages. She is a determined proselytiser of advertising's cause, and one of its most vigorous apologists.

She is also an enigma, and in recent weeks has seen the first real public questioning of her management philosophy and style. The McCann empire in London, it has been suggested, is increasingly vulnerable to attack by rival agencies. For all her charm and cleverness, it has been said, her particular management style may be insufficiently aggressive for motivating staff and wooing clients.

The facts belie this. McCann's current client list is probably as secure as that of any rival agency in the UK top five. Despite a flurry of top management changes—mostly recently, the departure of McCann managing director Bill Murphy for Detroit — McCann's account losses or resignations have been minor.

If anything, the chairman herself is even cooler and more collected, more clearly in full control, than when she arrived back on Concorde last April and called her first Board meeting.

McCann was one of the main growth agencies of the middle and late 1970s. In 1974, group billings in London were £25m; in 1978, £74m. This year they will exceed £80m. Its biggest spending clients include Tesco, Esso, Rothmans, Bass Charrington, Van den Bergs, Martini, the Milk Marketing Board, Nestlé, Kodak, Beecham and the Eggs Authority.

McCann is part of the U.S.-based Interpublic group of companies. Miss Burdus joined McCann in 1971 as research director (she is a trained psychologist). She took over as chairman on the abrupt departure of Nigel Grandfield, who now runs his own successful agency. She answers questions freely, though without convincing you that you have gained a full answer. I asked her 20.

20 QUESTIONS

ARE YOU PROUD to work in advertising?

Absolutely. Yes. Like most people, I drifted into it in the first place, but partly because one's attacked and therefore has to think about it, and partly because there's a growing realisation of what it's all about, I have become an ardent proselytiser of advertising because it's such an important part of free communication.

How good an agency is McCann-Erickson?

It's a very good agency, hard-working, practical, with a very consistent reputation. Of course it has peculiar characteristics, like being part of the biggest international network, and having a constant interchange of people, which is very important to our professional standards.

It seems as though it undergoes a constant succession of top management changes. Is this so?

I think it's an illusion. We see it slightly differently to the outside world, because we're looking at it against a greater canvass. If you take something like Bill Murphy moving to Detroit, which is the most recent move, that makes perfect sense to us within the pattern of the company as a whole . . . The real dramas were 18 months ago, when two things happened in quick succession. One was the chairman leaving, which has to be traumatic for any agency; the other was that as we began to reorganise and reappraise two of the three agencies in the group, we put in new management. But that was it.

Your appointment as chairman was said to have provoked unanimous opposition at the time. Have you overcome it?

I don't know if it attracted unanimous opposition. That certainly isn't something I've heard. I was on the other side of the Atlantic, so one has to piece things together with hearsay. We were three agencies with a small management group, and what was questioned was not whether I should be chairman but whether you needed a group with a chairman. Things had gone wrong with the group concept, and I came back and tried to put some of them right. It had gone through a bad period.

What sort of agency were you inheriting?

McCann-Erickson was as ever was, but in a sense there hadn't been enough upheaval. Everything ran pretty well, but nothing too dramatic and new was happening: it didn't have any very strong identity. The other two agencies were floundering a bit. Now, I believe, Ron Bazeley has taken hold of Harrison and is turning it into a super agency, and Universal is much more complementary to the other two. People in the marketplace were waiting, and are still waiting, for something to go desperately wrong, and it's because they don't realise the professionalism of our clients. The stability and knowledge and professionalism of the agency's middle management is extremely important to them — much more important than whoever happens to be sitting at the top of the pile at any point in time.

What are your own talents as chairman?

I really do know the company, and therefore I act as a very good conduit between the management here and what the corporation wants.

I also think I have a fairly good idea of how to run a company.

Do you inspire loyalty?

To a certain extent, yes, I think I do.

You can hire. Can you fire?

I think so. I haven't done a great deal of firing. People stay, or they go of their own volition. I can fire, have fired, have moved people around. What you do as you're growing in management is to realise that your responsibilities are for everybody, and that therefore to protect or cosset is neither kind to them nor to the organisation.

What will group billings total this year?

At least £80m

An important criterion of your chairmanship will be profits remitted to New York. Are there others that matter?

It has to be profit with growth and stability. Any fool can run an agency profitably for a short period. I could turn in resounding profits this year without really trying. People are our only resource, and we spend an awful lot of time on them.

Do agency trinkets—prizes from Cannes—matter?

Yes they do matter. Creative people like to be associated with success, and that success isn't just selling products, although that may be of prime importance to us as management. They like to be associated with what's new and exciting. You can't *buy* creative people. You can fork out large sums of money, but you have to create an exciting environment, which is hard.

You start work at 8 am and invariably work a 12-hour day. Why? What motivates you?

I care. There's a lot to be done. I also take an interest in things that are happening outside that affect our business.

Is there a "real" Ann Burdus. Does it matter?

A very good question. The media, without malice, build up a personality, and some things are selfperpetuating. Everybody knows that I start work at 8 am. Some know that I wake at 6 am and read for an hour. That is the outside perception. Is there a real person behind that? I think there is, and feel very sorry for people who get the two muddled up.

Ann Burdus, chairman of McCann & Co. "I help my colleagues, but I won't let them damage the business."

It has been said that rivals are not aware they've been stabbed by Ann Burdus until the blood is running freely. Is that true?

No. I have not, in my career, been terribly aware of rivalry. My career has carried me on almost automatically. That doesn't mean to say I'm soft. If I'm attacked in a corporate meeting I'll answer back, but there's room in the world for everybody. I work very hard to help my colleagues, but I won't let them damage the business. When I do show my teeth, people are startled.

Have your charms as a woman helped?

You can sometimes soften edges. There are advantages and disadvantages. As a woman you are cut off from certain types of conversation. Yet you have the advantage of coming to certain issues fresh. Some clients are not as forthright with me as with a man.

You are due to take up the chairmanship of the Advertising Association this summer, and are known as one of advertising's most tireless apologists. Why do you wage the crusade?

The freedom to choose is one of the most important human rights. The erosion of that freedom is something most people are unaware of. No system in the world is perfect, but if one gives away the right to advertise one gives away the right to a free media.

Why does the public so mistrust advertising?

Will you say that again?

Why does the public so mistrust advertising?

It doesn't. This is a great misconception. Every time anybody does a study of advertising, they find there's about 3 per cent of the population who worry at all and think that perhaps advertising needs reform. Advertising isn't something people are concerned about at all. There is a small, vociferous minority who believe they have a god-like duty to protect the public from the wicked wiles of commerce, and project a public concern which I don't believe exists. They don't want protecting. They certainly would be askance if they knew how much the protection that is forced upon them costs.

The image of your profession is one of theatricality and, to a certain degree, of highly-paid irrelevance. Is it justified?

It's an invention of the advertising business. We do it ourselves.

At a McCann dinner in April, a string quartet was commissioned to play a Mozartian arrangement of Je ne regret rien. Was that an adequate serenade to your business career to date?

We had an extremely pleasant evening. I don't think there's much I regret in my business life at all.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Oil shale project gets under way

TEN major U.S. companies have become industry sponsors for the commercial-size Paraho oil shale module design and demonstration plan recently awarded to Paraho Development Corp. by the Department of Energy.

The companies are Chevron, Standard Oil of California, Conoco, Davy McKee Corp., Mobil Research and Development, Mono Power, Southern California Edison, Phillips Petroleum, Sohio Shale Oil, Standard Oil of Ohio, Sunoco Energy Development, Texas Eastern Synfuels, and Cleveland-Cliffs Iron Co.

Phase One work has begun and will continue for 18 months at a cost of about $9m. During this time planning design and cost estimates for the construction and operation of a single above ground commercial-size Paraho oil shale retort mine and support facilities sited on the company's Utah state oil shale lease will be completed. This will be followed by a proposal to construct the plant for about $200m.

The Paraho module, to operate by early 1984, will process about 18,000 tons of oil shale a day producing over 10,000 barrels of crude shale oil plus a product gas which will be used to generate electricity. Expansion of the facility to 30,000 barrels a day of shale oil production is under consideration and may become the subject of a separate study.

Paraho's working team of project subcontractors consists of Standard Oil of Ohio, Cleveland-Cliffs Iron Company, Davy McKee Corporation, VTN consolidated Inc., Aerovironment Inc., and Woodward-Clyde Consultants.

Under Paraho management the team will perform the scope of work indicated in the DOE agreement. Sohio will be Paraho's primary subcontractor.

● ELECTRONICS

Video movie recorder

SONY has shown in Tokyo a Prototype home-use single-unit colour Video camera-cassette recorder, provisionally called the video movie unit.

Using magnetic recording it allows recording, playback or erasure of image and sound, and can be combined with a home editor to transfer image and sound to any video cassette format now in use, Soney president, Mr. Kazuo Iwama declared.

But it will be some four or five years before Sony starts commercial production of the unit, he said, adding that Sony would invite other video cassette manufacturers to discuss ways to arrive at a common video cassette and video recording format.

● PRINTING

New technology training

FERRANTI has received an order worth almost £100,000 from the Printing and Publishing Industry Training Board for the Ferranti CS7-20 computer-based composing system.

It will be installed in the Department of Printing and Packaging at Watford College, one of five centres selected by the Training Board because of its location. This investment is intended to assist industry with the problem of training and retraining people to meet the increasing demands brought about by changes in technology.

Ferranti Computer Systems, Wythenshawe Division, Simonsway, Wythenshawe, Manchester M22 5LA. Tel. 061 437 5391.

● HANDLING

Portable railway weighbridge

SOLIDATE is preparing to bid for the rail freight market following the granting of a Weights and Measures certificate for its Nomad portable railway weighbridge.

Manufacturers transporting large volumes of bulk materials, such as liquid ammonia, cement, chlorine and petro-chemicals by rail will now be able to weigh goods to legal-for-trade standards using portable weighbridges which can be readily moved from site to site within the plant sidings.

This means that they will no longer be restricted to weighing operations at permanent weighbridge locations, avoiding the delays which often result while wagons are marshalled and assembled to await their turn on the scales.

Department of Trade granted a certificate for the Nomad for use in trade following the result of trials conducted on equipment which Solidate has tested at a Fisons Fertiliser Division plant in Immingham, South Humberside.

Unlike a conventional weighbridge, the Nomad requires no pit and is supported on brackets bolted to the rail web. It can be readily transported using a small crane or even a fork lift truck.

Solidate, Saudy Lane, Moston Road, Sandbach, Cheshire. CW11 9HT. 09367 7225.

● COMPONENTS

Plastic pump for chemical processing

A SOLID plastic pump designed and manufactured by BTR Silvertown's chemical plant division is injection moulded in Kynar (PVDF). It is intended to meet the demand for an economical and efficient corrosion-resistant pump in pilot plant or for light duties in the chemical processing industry.

Solid plastic pumps have in the past been compression moulded and then machined down to design specification. A disadvantage inherent in this method of manufacture is that air bubbles, which may be trapped at the centre of the plastic during the moulding operation, can be revealed at the surface after machining.

BTR's new F1 pump, being injection moulded, eliminates this problem. An additional advantage is that, as the amount of necessary machining is substantially reduced, production costs are lower.

Unusual feature is the injection moulded PVDF impeller and shaft. The steel reinforcement which forms its core considerably strengthens the shaft, thus increasing the pump's reliability and life.

BTR, Silvertown House, Vincent Square, London SW1P 2PL. 01-834 3848.

● ENVIRONMENT

Keeps air moist

ATOMISING MIST humidifiers with a variable flow facility are offered by Dalesman Scientific Company of Pendlebury, Manchester.

Slim and compact and designed for wall mounting installation in a range of industrial premises, the Variflow humidifier has two variable-flow atomising nozzles which can be angled to give the desired projection of mist to the working environment. Humidifying output of the unit can run up to 15 lb per hour of finely atomised mist.

Important areas of application include hazardous zones, since no electrical connections are involved, and the very dusty industrial areas where maintenance-access difficulties may exist.

The humidifier measures 230 mm (9 in.) wide by 305 mm (12 in.) deep and projects only 125 mm (5 in.) from the wall when installed. The compact installation feature of the unit will enable humidification to be achieved without alteration to the existing factory layout.

Dalesman, 686 Bolton Road, Pendlebury, Manchester. 061 794 3724.

● METALWORKING

Cuts heavy plate with accuracy

NEW GAS cutting machines being marketed by BOC Cutting Machines, Gateshead, under the name of Falcon S, cover the needs of the medium to heavy range of the general fabrication industry.

Using standard components, Falcon S can be supplied in seven configurations ranging from a 1500 mm by 1500 mm tracing and plate width to a 2500 mm by 3000 mm tracing and plate width with variants within these parameters. Also the machine can be fitted with either up to six blowpipes with a maximum depth of cut of 300 mm, or with a choice of two plasma cutters.

Plasma systems available with the Falcon S, are the Sabre Arc C250 cutting torch for medium duty cutting metal up to 60 mm thick and the Hypertherm PAC 500 plasma equipment, for cutting materials up to 150 mm thickness.

All versions of the new machine incorporate the patented new "Tracker" co-ordinate drive tracing system. This incorporates an oscillating piezo crystal rod, controlled at a precise frequency and unaffected by main supply variations.

Other features include automatic light intensity drawing illumination relative to contrast: automatic lead adjustment of photocell; automatic line acquisition from a choice of pre-selected direction; choice of centre line, edge of line or silhouette tracing modes; wide range of kerf compensation (±5 mm provided as standard); dual tracing speed range facility and fail safe interlock.

A central control console contains power supplies, amplifiers, solid state logic devices for the scanner and drive units, and relays for solenoid valve control. Mounted on the front panel are all controls for gases, motion, speed direction, positioning, height controls when required and trace mode selector. Strip cutting can be carried out in both longitudinal and transverse axes under automatic switch control, without drawings.

Manual blowpipe mountings allow for vertical, horizontal and fore and aft adjustment via rack and pinion arrangements. All blowpipes may be turned through 90 deg in the horizontal plane and 45 deg either side of vertical for bevel cuts. Fine adjustment gas trimming valves are fitted to allow setting of pre-heat flames and on/off control of the cutting oxygen stream.

BOC, Hammersmith House, London, W6 9DX. 01-748 2020.

● PROCESSING

No escape for bacteria

REMOVAL RATING generally quoted for liquid sterilising membrane filters is 0.2 micrometres. Recent research work by Pall, however, has shown that bacteria smaller than the normally quoted smallest type (Pseudomonus diminuta) will occasionally pass through these filters.

Pall has introduced a Nylon 66 filter membrane which has a microbial removal rating of 0.1 micrometre. Ultipor NT is intended for use where the highest degree of reliability in obtaining sterility is the prime consideration.

Nylon 66 membrane has high strength and wide chemical compatibility, is inherently hydrophilic and wets instantly in water without use of surfactants or other additives. Extractables are also significantly less than all currently available organic membrane filters and the medium can be repeatedly in-situ steam-sterilised.

When used as a disc filter it is considerably stronger than the widely-used cellulose ester, reducing the possibility of damage during installation, sterilisation or filtration. The NT filter is easy and practical to use, allowing flow rates broadly comparable with 0.2 micrometre filters.

Pall Process Filtration, Walton Road, Portsmouth PO6 1TD. 07018 70901.

Automates production of boards

ONE, TWO or three printed circuit boards can be drilled and/or routed at the same time using the DAC numerically controlled machine from OK Machine Tool Company, Dutton Lane, Eastleigh, Hants SO5 4AA (0703 610944).

The construction allows the heads to be mounted on a rigid welded gantry positioned above an X-Y table controlled from a paper tape. The X and Y coordinates are shown on a separate two line display mounted at eye level to the left of the work area. Heads can be supplied as needed, initially or later, complete with wiring and services.

The X-Y table has an 18 x 24 inch drilling area and is a rigid low inertia structure moving in hardened and ground ways under the drill heads. Positioning accuracy is within ±0.001 inch of true theoretical grid position and the repeatability is 0.0005 inch.

Competent electrical personnel can maintain the machine and no computer knowledge is required.

LOMBARD

There must be a better way

BY ANTHONY HARRIS

IN MY last tenancy of this column I complained, not for the first time, about the technical basis of our monetary policy. Sterling M3, the peculiarly British definition of money, is so constructed that it tends to set off official action rather late in the day, and then keep the squeeze going too long. When we are having a boom, we tend to buy imports, and the money leaves the country; in a slump importers cut stocks, the balance of payments improves rather dramatically, and so the main effect is on the money flowing out of the country.

Partly for this reason we have a national habit of starting our squeezes only when things are thoroughly out of hand, and keeping them on until the patient is nearly choked to death, as we are seeing all too vividly at the moment. However, if this were the only problem, it would be relatively easy to find an answer: we would switch from a money policy to a credit policy. Domestic credit expansion, in a broad sense, measures the *creation* of money in the banking system, whether it is spent here or overseas. (It would also, as it happens, be a much easier number to manage if we happened to join the EMS.)

Volatile

Alas, life is not so simple. DCE is itself very volatile, partly because it tends to rise when there are private capital outflows, and especially because, like any broad money measure in Britain, it is highly subject to the ebbs and flows of the gilts market. The fact is that there is no *broad* measure of money which gives an early and reliable sign of whether monetary policy is biting, and whether the economy is about to turn down. A measure whose behaviour seems almost unrelated to what is happening in the real economy does not make a very good centrepiece for economic policy.

Oddly enough when we turn to the measures of money which nobody even discusses, the narrow ones, we are immediately getting warmer. Even M1, so called narrow money, is infected with gilts market fever, because it includes interest-bearing overnight money. But it has been shrieking "recession" since November.

The growth in the use of notes and coin, the most neglected indicator of all, also has a tale to tell, although it is distorted by the black economy and by the growth in the use of credit cards. It fell sharply when inflation came down, accelerated rapidly after the pay explosion of Mr. Callaghan's dying months, and has fallen precipitously since Sir Geoffrey started to make the pips squeak.

Rationing

While I am certainly not in favour of rationing banknotes, these facts and the fact that in countries as different as the U.S. and Germany policy is directed to controlling M1, does seem to point a moral. Monetary policy, as our own authorities never tire of repeating, is in practical terms about interest rates. Money growth shows whether they are doing the job. The narrow measures of money tell us quite clearly when interest rates are hurting.

It is in fact because they respond so promptly that our own authorities tend to treat them with contempt. It makes the whole thing too easy, and it does not have any very direct message about Government spending. As long as you remember that our officials do not believe that monetary policy checks inflation—and on past experience, one can understand why—our own methods make a kind of sense. Monetary policy is for forcing Cabinets to take unpleasant decisions. Incomes policy is for checking inflation, as the Bank of England Bulletin repeats as often as it dares to. If the disastrous results of present policies force a U-turn, watch for weeping crocodiles near Bank station.

However, a Government which does believe in monetary policy, which wants to cut spending come rain or shine (though it is perhaps over-eager, from a monetary point of view, to cut taxes), and which rejects incomes policy, would do much better with a monetary policy designed for its own psychology. There must be a better way.

The risks of uncollected cheques

BUSINESS AND THE COURTS

By A. H. HERMANN, Legal Correspondent

THE RIGHTS and duties of a bank when handling cheques, the most mundane part of its business, should by now be beyond any doubt, or so one would think, but two recent judgments, one in Birmingham and the other in Karlsruhe, have thrown additional light on situations which the courts have not been asked to consider before.

The case* which Mr. Justice O'Connor heard at Birmingham Crown Court concerns a familiar situation. Lloyds Bank kept, at one of its Birmingham branches, an account for Bishop Burns. Mr. V. H. Fern was given judgment for £806 against that company. He obtained a court order—a garnishee order—requiring Lloyds Bank to take this £806 from the Bishop Burns account, provided it held a sufficient credit balance, and to pay it to him, the judgment creditor. At that time there stood in the judgment debtor's current account a balance of £4,998, but that included £4,700 from a cheque paid into the account the previous day, which had not yet been collected.

The bank opened a new account for the uncleared funds of £4,700, and paid the judgment debtor £218—all that was left in the current account after deducting bank charges. The District Registrar took the view that the credit entry of the uncollected cheque was enough to oblige the bank to pay in full, and Mr. Justice O'Connor was presented with an appeal against that decision.

One must suppose that Mr. Fern had doubts about the successful clearance of the cheque. Be that as it may, his action led to clarification of a point which it seems had not been directly decided before.

The law is clear that the debt or money owing by the third party, the garnishee—in this case Lloyds Bank—must be owing at the time when the garnishee notice is served. The question to be decided was whether the uncollected funds credited to the judgment debtor's bank account constituted a debt owed by the bank to the debtor at 11.30 on the morning of March 11, 1980, when the garnishee order was served on the branch which kept the account.

The obligations of a bank arising out of an uncleared cheque credited to the client's account were considered by the courts in Underwood v. Barclays Bank.† A bank can hold a cheque as an instruction to collect money, and in that case the credit entry on the client's account representing the uncleared cheque is only a record of the collecting process. Another situation arises when the bank can be said to be "holders for value," that is when it has received a valuable consideration for the cheque. This consideration need not necessarily be in the form of funds received from the bank on which the cheque was drawn. It may also derive from a binding agreement between the bank and its customer, allowing the customer to draw against the cheques before they are cleared.

As Lord Denning summed up in Westminster Bank Limited v. Zang‡, to prove that the bank were holders for value "it is not sufficient for them to show that they credited the account of the company at once before the cheque was cleared. They must show that there was an express or implied agreement between bank and customer that the customer could draw against the cheques before they were cleared . . ."

An express agreement to this effect would probably be rare in practice, but there may be an agreement implied from a course of conduct. The burden of proving that, said the judge, was clearly on the judgment creditor who could ask the court for an order requiring the bankers to provide information about their customers' banking transactions over a period of months or years. In the present case this was not done. There was no dispute that the £4,700 represented uncleared cheques and that it takes four days for a cheque to be cleared. Consequently, the bank was not indebted to its customer for £4,700 at the time when the garnishee order was served. It was not obliged to pay more than the £218.36 which it did.

* * *

A different problem decided by the Federal Supreme Court in Karlsruhe§ is connected with the now frequent custom of asking the bank whether it will honour the cheque before, or at the time when, the cheque is offered in payment. If the bank says yes, it may mean nothing more than that there was a credit balance on the account of the person drawing the cheque at that particular time, possibly, that on the basis of past experience the bank expects this credit balance still to be available when the cheque is cleared. But the answer given by the bank may be more definite, implying a guarantee of payment. This second stricter responsibility was found to exist on the part of a private bank sued by the holder of the cheque.

The plaintiff, who was owed DM 5,600 out of a hire purchase contract for two lorries sold to a firm described as THR, was offered payment by a cheque drawn on a private bank. At that time he could have recovered the lorries if no payment was made, but on making a telephone inquiry was told by the bank that the cheque would be honoured—as it later maintained, this promise was made "with the usual reserve." The bank also sent a telex, saying: "We confirm that the cheque will be honoured." On the same day, May 24, 1978, the plaintiff paid the cheque into his account with the local savings bank. It was presented to the bank on which it was drawn between June 2 and 5, and bounced with the following note: "presented on 5.6.78 and not paid." In the meantime, THR, which had drawn the cheque, went bankrupt.

The Cologne court of the first instance decided in favour of the plaintiff. The answer which the bank gave to his inquiry was nothing less than a guarantee of payment. The Appeal Court of Cologne took a different view. It concluded that the promise to honour the cheque was limited by Article 29/1 of the German Cheques Act which requires presentation within eight days. That would have been by May 30, 1978. As the cheque was not presented before June 2, 1978, the guarantee had expired. However, as the bank failed to make this limitation clear in its telex it was liable to pay damages. But the plaintiff bore partial responsibility for the loss, since his agent, the local savings bank, was very slow in clearing the cheque, so the damages were halved.

The Federal Supreme Court would have nothing of this. It was now quite usual, it held, for banks to honour cheques after the eight-day presentation period had elapsed. According to the conditions for Eurocheque cards it was sufficient if the cheque was presented for collection to a domestic bank within this eight-day period. The presentation to the bank on which it was drawn might occur later without impairing the guarantee provided by the cheque card. As the banks took in their stride all the delays in connection with such a generally established guarantee, it was impossible to assume that stricter rules should apply to guarantees provided individually, as in the present case. The bank could have put a time limit on its guarantee, but it must do so expressly and not by implication. The judgment of the court of the first instance was restored. The bank had to pay.

* *High Court, Q.B. Birmingham Crown Court, Victor Henry Fern v Bishop Burns and Lloyds Bank. Judgment June 5, 1980. Unreported.*

† *(1924) 1 King's Bench, p.770.*

‡ *(1966) A.C., p.182.*

§ *BGH II ZR 188/79. Judgment March 24, 1980. Unreported.*

Lochranza returns in top form

RACING

BY DOMINIC WIGAN

DIXONS FURNISHINGS of Whitehaven, must be more than a little disappointed with the response to today's Cumberland Plate.

Carlisle's mile and a half handicap, which carries their name, has £4,000 in added prize money, half of which is contributed by Dixons Furnishings centres.

However, the race—won a year ago by No Bombs, has again attracted a popular performer in Lochranza. The nine-year old bidding for his 11th success on the flat since the start of the 1977 campaign could hardly have been in better form of late—in stark contrast to the disappointing time he had in 1979.

Unsuccessful in nine attempts last season, the evergreen Highland Melody gelding has returned to the winner's enclosure three times already this term and on the second was notching a remarkable ninth victory at Ayr.

A genuine front runner who acts on any type of track or ground, Lochranza will go well without, perhaps, proving strong enough close home to hold off Credit Centre. This striking grey colt by Tudor Music out of the Caliban mare Whispering Breeze quickened impressively to dispose of Brave Fellow at Newcastle in the spring, and has since maintained his form in better company. Six years the junior of Lochranza, Credit Centre meets the Ayr specialist at level weights.

Half an hour before the Cumberland Plate it could well be that the six furlongs Walton Stakes will fall to Rathmoy's Sparkle. Neville Callaghan's Sparkler colt put up a creditworthy performance here five weeks ago when, following a two-month layoff, he was not hard pressed to cope with Oyston's Agency. This time, the once raced Ring of Quality may follow him home.

It is not often that we see a Seven Barrows Representative at Carlisle; and few are likely to oppose Peter Walwyn's three-year-old in the Burgh Stakes. The Stavros Niarchos runner found only China Royal too good in a 21-runner maiden event over a mile at Warwick 10 days ago.

CARLISLE

2.30—Wagon Master
3.00—Rathmoy's Sparkle*
3.30—Credit Centre**
4.00—Moon Pad***

BRIGHTON

1.45—Prince Lightning
3.15—Iver
3.45—Chinese Kung Fu
4.15—Cavo Varka

TV/Radio

† Indicates programme in black and white

BBC 1

12.00 Tennis from Wimbledon. 1.30 pm Mister Men. 1.45 News. 1.55 Wimbledon Tennis. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Buford Files and Dinky Dog. 5.05 John Craven's Newsround. 5.15 We Are the Champions.
5.55 Nationwide
6.20 Wimbledon Tennis
7.35 Are You Being Served?
8.05 Taxi
8.30 Last of the Summer Wine
9.00 News
9.25 Square Mile of Murder
10.15 Uncle Sam's Backyard
10.45 All about Books
11.20 News Headlines
11.22 Sandy Powell in "The Old Boy Network" (the comedian tells of 60 years of show business)
12.05 am Weather/Regional News

All Regions as BBC1 except as follows:

BBC Cymru/Wales—5.55 pm Wales Today. 6.15 Heddiw. 6.35 Join BBC1 (Wimbledon). 12.05 am News and Weather for Wales.

Scotland—9.55 am Noah and Nelly in Skylark. 10.00 Jackanory. 10.15 Cheggers Plays Pop. 10.35-10.55 Take Hart. 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15-A Health Unto Her Majesty. 11.05 Uncle Sam's Backyard. 11.35 All About Books. 12.10 am News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School (As BBC1 4.20 pm)
2.00 pm Wimbledon Tennis
7.50 One Hundred Great Paintings
8.00 Mid-Evening News
8.10 Running the Arts
9.00 Call my Bluff
9.30 Sing Country Extra
10.15 Wimbledon highlights
11.00 Newsnight

LONDON

9.30 am Gardening Today. 10.00 About Britain. 10.25 Animated Classics. 11.05 California Today. 11.55 The Bubbiles. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 Here Today. 2.45 After Julius. 3.45 Superstar Profile: Roger Moore. 4.15 "The Tall T," starring Randolph Scott
5.45 News
6.00 Thames News
6.30 An Exceptional Child
7.00 Charlie's Angels
8.00 The Cuckoo Waltz
8.30 TV Eye
9.00 The Mallens
10.00 News
10.30 Thames Report: "Policing the Police"
11.15 Lou Grant
12.10 am What the Papers Say
12.25 Close: Personal choice with Andrew Cruickshank

All IBA Regions as London except at the following times:

ANGLIA

10.25 am Spy Extraordinary. 10.55 The Chieftains at Thomond. 11.40 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 3.45 Looks Familiar. 4.15 The Bubbles. 4.20 Tarzan. 5.15 Emmerdale Farm. 5.00 About Anglia. 0.20 Arena. 6.35 Crossroads. 7.00 BJ and the Bear. 10.30 Snooker. 11.00 Luke's Kingdom. 12.00 Witness to Yesterday. 12.30 am The Living World.

ATV

10.25 am In Search Of . . . Reincarnation. 10.50 Chopper Squad. 11.45 Here Comes Mumble. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 2.00 The Royal Show. 3.45 Looks Familiar. †4.15 The Bud and Lou Picture Show: "Abbott and Costello in the Foreign Legion." 5.00 ATV Today. 5.35 Crossroads. 7.00 Emmerdale Farm 7.30 George and Mildred. 10.30 Format V. 11.10 ATV Newsdesk. 11.15 The Royal Show Highlights.

BORDER

10.25 am Welcome to the Ceilidh. 10.50 The Game Fair. 11.15 Look Who's Talking (Oona). [illegible]

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and Weather. 3.45 Looks Familiar. 4.18 Little House on the Prairie. 5.15 Emmerdale Farm. 5.00 Report at Six. 6.35 Crossroads. 7.00 Summer 1940: Part 3: Occupation June 29-July 5. 7.30 A Man Called Sloane. 10.28 Channel Late News. 10.36 Soap. 11.05 Superstar Profile (Liza Minelli). 11.35 Pro-Celebrity Darts. 12.20 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.25 Welcome to the Ceilidh. 10.50 Documentary: "The Game Fair." 11.15 Look Who's Talking (Oana). 11.45 Cartoon Time. 12.30 pm Against the Wind. 1.20 North News. 3.45 Looks Familiar. 4.15 Project UFO. 5.10 Struck by Lightning. 5.40 Police News. 5.00 North Tonight and Area Weather Forecast. 6.35 Crossroads 10.30 Superstar Profile (Christopher Reeve). 11.00 Reflections. 11.05 Soap. 11.35 North Headlines. 11.40 Sounds Gaelic.

GRANADA

10.25 am The Lost Islands. 10.50 A Handful of Songs. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 3.45 Looks Familiar. 4.15 Little House on the Prairie. 5.15 University Challenge. 3.00 Granada Reports. 3.35 Emmerdale Farm. 7.05 BJ and the Bear. 10.30 Celebration. 11.00 Bluey. 11.55 What the Papers Say.

HTV

10.25 am The Company Men. 11.50 Larry the Lamb in Toytown. 12.30 pm Against The Wind. 1.20 Report West Headlines. 3.45 Food, Wine and Friends. 4.15 Salvage—1. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Emmerdale Farm. 7.00 The Incredible Hulk. 10.35 Their Lordships Regret. 11.05 Koz.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15 Got It Together. 4.45 Sêr. 5.15-5.20 Cartoontime. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Out Of School.

SCOTTISH

10.25 am Welcome to the Ceilidh. 10.50 Documentary—The Game Fair. 11.15 Look Who's Talking. 11.45 Sally and Jake. 12.30 pm About Gaelic. 1.20 News and Road and Weather. 2.00 The Royal Show. 3.45 Looks Familiar. 4.15 Robbie. 4.25 Salvage 1. 5.20 Crossroads. 6.00 Scotland Today News and Hi Summer Extra. 5.30 Down To Earth. 7.00 The Incredible Hulk. 10.30 Soap. 11.00 Jazz Series—Ronnie Scott Quartet with Johnny Griffin. 11.30 Big Break International. 12.15 am Late Call.

SOUTHERN

[illegible]

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 10.20 The White Stone. †10.40 Morning Movie: "Vote for Huggett." 1.20 pm North East News and Lookaround. 2.00 Time to Spare. 3.45 Looks Familiar. 4.15 The Lost Islands. 4.45 Salvage—1. 5.00 North East News. 3.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 10.30 Genette. 11.15 Check It Out. 11.45 Police Surgeon. 12.16 am People At Prayer.

ULSTER

10.25 am Welcome to the Ceilidh. 10.50 Documentary. 11.15 Look Who's Talking. 11.45 Cartoon Time. 1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News Headlines. 4.15 Little House on the Prairie. 5.16 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 3.20 Police Six. 3.30 Out of Town. 7.00 Emmerdale Farm. 7.30 Selwyn. 10.29 Ulster Weather. 10.30 Enterprize: "Life Begins At Forte." 11.00 Soap. 11.30 Bedtime.

WESTWARD

10.25 am Welcome to the Ceilidh. 10.50 Documentary: The Game Fair. 11.15 Look Who's Talking. 11.40 Larry the Lamb in Toytown. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 3.45 Looks Familiar. 4.15 Gus Honeybun's Birthdays. 4.18 Little House on the Prairie. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Encounter. 7.30 A Man Called Sloane. 10.32 Westward Late News. 10.36 Soap. 11.05 Superstar Profile: Liza Minnelli. 11.35 Pro-Celebrity Darts. 12.05 am Barney Miller. 12.30 Faith For Life. 12.35 West Country Weather and Shipping Forecast.

YORKSHIRE

10.25 am Space Ghost and Dino Boy. 10.50 The Lost Islands. 11.10 Space 1999. 12.30 pm Tell Me Another. 1.20 Calendar News. 3.45 Looks Familiar. 4.15 The Woody Woodpecker Show. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 8.35 Crossroads. 7.00 Emmerdale Farm. 7.30 Lingalongamax. 10.30 Doctor Down Under. 11.00 Fantasy Island. 12.00 Superstar Profile (Dudley Moore).

(s) Stereophonic broadcast
† Medium wave

RADIO 1

6.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Peter Powell. 7.02 25 Years of Rock. 8.00 Bruno. 8.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 12.03 pm David Hamilton. 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 8.03 John Dunn (S). 8.02 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

[illegible]

RADIO 3

[illegible]

1.00 News. 1.05 The English Concert, part 1 (S). 1.55 Interval Reading. 2.05 Concert, part 2. 2.55 BBC Concert Orchestra (S). 4.00 "Die Abreise," opera by d'Albert (S). 4.55 News. 5.00 Mainly for Pleasure. 7.00 A Modest Proposal . . . by Jonathan Swift. 7.30 An Radio 4. 9.20 Jews and Jews: Discussion between Frederic Raphael and Rabbi Jonathan Sacks. 10.25 Piano Recital (S). 11.00 News. 11.05-11.15 Ucacellini (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines, 7.45 Thought [illegible]

Orchestra concert, part 1: Bach (S). 7.55 Geoffrey Moorhouse Revisits . . . Wales. 8.15 Berlin Philharmonic Concert, part 2: Mahler (S). 9.20 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 5.00-5.00 am Join Radio 2.

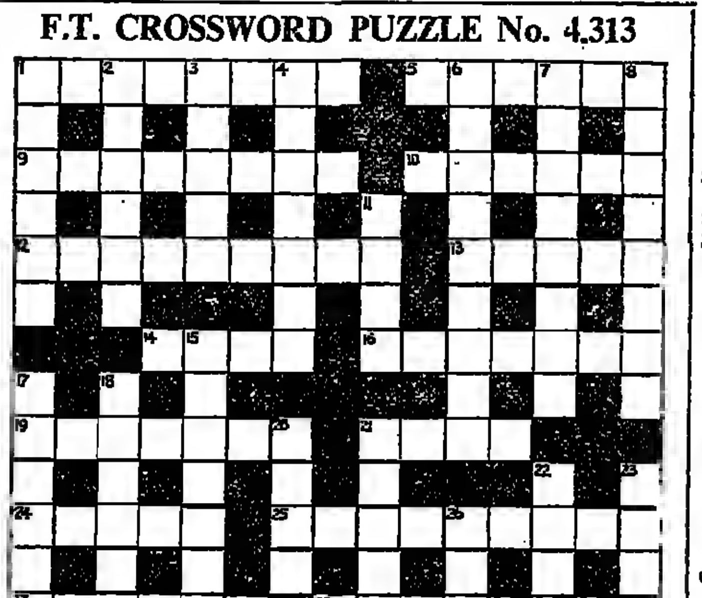
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 4,313



ACROSS

1 Restrain the arms but deliver a blow (8)
5 Goddess dined with female inside (6)
9 Right, I'll indicate where water's run down a bank (8)
10 Man, for example, initially educated for the training of horses (6)
12 Appear plump in inspection (4-5)
13 Sounds like one who prosecutes a shoe-repairer (5)
14 Secure a place for valuables (4)
16 Competitor makes stain go (7)
19 Permit to hire commission (7)
21 Lots of money raised on some carpets (4)
24 Note for medicine (5)
25 Rush to directors to give missile target (4-5)
27 Part of crab's limb mixed in ox dope (6)
28 Transport appearing on stage (8)
29 A good ball at Headingley? (6)
30 A soft old man—it's obvious (8)

DOWN

1 Dash to damage French article (6)
2 Sailor of old in a hold (6)
3 One who arrives and shows promise (5)
4 In favour of air success (7)
6 Contemptible person's weapon could be fungus (9)
7 Choose endlessly rich type of power (8)
8 Curse river going over decrepit car (8)
11 Thought I'd get two notes (4)
15 Crafty conduct I obstruct in plant (9)
17 Sparse as showers maybe (8)
18 Farmyard target that should not be missed (4, 4)
20 Free start of economic trip (4)
21 Vegetable and fish to cut (7)
22 Indian creditor (6)
23 Notice opening of feast (6)
26 Sac for lubricating as rub is inverted (5)

Solution to Puzzle No. 4,312

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 240 5258. Reservations 836 3161. NUREYEV FESTIVAL. Last Perfs Tonight & Tomor 7.30. Sat. [illegible]

[illegible]

THEATRES

PALACE. S. CC. 01-437 6834. Mon-Thurs. 8.00. Fri., Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR. LAST 8 WEEKS.

[illegible]

CINEMAS

CLASSIC ENTERTAINMENT Teledata 01-200 0200.

[illegible]

ART GALLERIES

[illegible]

EXHIBITIONS

[illegible]

FINANCIAL TIMES SURVEY
Thursday July 3 1980

INVESTING IN WEST GERMANY

Potential investors face difficult decisions

FOR THE potential business investor it seems at first sight almost too good to be true. West Germany has political stability, steady (but not stupendous) economic growth, relatively low inflation, a highly qualified labour force, few strikes, a domestic market of more than 60m people and a Central European position giving ready access to millions more potential customers.

Thus described, it may come as a surprise that German companies are investing much more abroad than foreign concerns are investing in Germany. This is sometimes explained by saying that German enterprises lost most of their foreign productive assets in the Second World War, that they were slow off the mark to develop abroad in the first post-war decades and that they are now "catching up."

That is true as far as it goes—but it raises at least as many questions as it answers. Why is this "catching up" process more necessary than ever—and what conclusions should the potential foreign investor draw?

It can hardly be fear of political pressures—let alone turmoil—which is forcing the trek abroad. The country has now had nearly 11 years of Social Democratic-Liberal government, with extremist parties of both Left and Right far from gaining the minimum 5 per cent of voter support which would give them parliamentary representation.

True the first phase of the coalition era was marked by intense social reform, which many German businesses felt neither they nor the country could afford. It is also true that there is an active Left-wing of the Social Democrat Party which yearns for more State influence, for example in the field of industrial investment. Whenever the economy turns down, the voice of the Left becomes louder.

But with the coalition in place and Herr Helmut Schmidt as Chancellor—dedicated to the market economy as much as any liberal—the prospects for an increase in State infinence on entrepreneurial decision-making remain small. They would of conrse vanish altogether if the coalition is unseated by the Cnnservative opposition under Herr Franz Josef Strauss in the general election in October.

Nor can it really be the domestic economic and social climate which is forcing German investors to look abroad. The West German Gross Natinnal Product over the past four years has grown pretty steadily in real terms—by 5.2 per cent in 1976, 2.7 per cent in 1977, 3.2 per cent in 1978 and 4.4 per cent last year. *The cost nf living has* risen in the same years by only 4.5 per cent, 3.8 per cent, 2.6 per cent and 4.1 per cent—an achievement with very few parallels even in the Western industrialised world.

This year the Government said it expected real GNP growth of "a good 2.5 per cent" and it is beginning to look as though it may have erred on the side of caution. While recent industrial orders do shnw some slowdown, business investment is holding up very well indeed.

A survey just issued by the IFO economic research institute of Munich shows that indnstrialists are planning to increase their fixed asset investment in real terms by about 10 per cent on average this year, hardly less than last year's buoyant performance. Further, for the first time fnr years, extension nf production capacity has surpassed rationalisation as the main reason for new investment.

These results underline that the decision of German businessmen to invest more overseas does not mean that they are deserting their home base—but rather that they are taking steps to safeguard it.

West German companies invest much more abroad than foreigners invest in Germany. Labour relations are good, but wages are high. Incentives are offered in certain areas, but there are good reasons for them. Yet the country offers steady economic growth, a home market of 60m people and a central position from which to serve millions more.

Part of the explanation for the German businessman's decision to invest abroad is because he wants to acquire complementary — or even more advanced — technology, for example in the electronics sector in the United States. Another part is the desire to get at markets from the inside, thus skirting existing or potential export *barriers*. But a key reason is also to manufacture abroad those relatively low technology products which can no longer be made cheaply enough at home.

This is, of course, the other side of the coin—which any potential investor in Germany has to scrutinise carefully. Labour relatinns are gond—but they dn not come for nnthing. West German wage levels are among the highest in the world. There are fewer than a score of major trade unions—meaning that management-labour negotiation is mnre sraightfnrward than, say, in Britain nr Australia. But the unions are powerful and if it comes to a strike then labour has the organisation and the financial resources to carry it through.

German workers are generally held to have a high level of responsibility—but one reason is that "mitbestimmung" (co-determination) has been practised in much of industry in one form or another since the early post-war years. Part of the price is that managerial decision-making sometimes takes longer. Nor should foreign business investors be deceived by the West German unemployment figure of close to 1m imagining that they can easily take their pick from a large skilled labour pool. As well as the jobless there are at present about 350,000 job vacancies—with many German manufactures crying out vainly for more highly-qualified workers.

If West Germany is to remain internationally competitive it will need an ever more highly skilled labour force—and at present it is clear that there are not enough of the right kind of workers to go round.

In the same vein the foreign business investor should examine with circumspection those benefits offered by West German authorities for establishing an enterprise in a particular region. The benefits are outlined in detail in a separate article of this survey. They may indeed be worth following up — as, for example, the big investment by Ford and BMW in West Berlin indicates. But there are good reasons why special benefits need to be offered to attract investors to, say, the East-West German border areas or to Berlin and they need to be weighed carefully.

Similarly, any outsider who expects to have an exciting and rewarding time on the West German Stock Market is almost certainly heading for a grave disappointment. Compared with the British or U.S. markets, the German one is a puny affair which hardly reflects the economic and financial power of the nation. It is also greatly influenced by the big German banks which, not least for historical reasons, have a particularly close relationship with the country's industrial concerns.

It can well be argued that this system suits Germany — but it is hard for an outsider to break in upon it. Many representatives of foreign banks in Germany will confirm that — although the achievements of some of them also show that success for the outsider is not impossible, just a gruelling uphill struggle.

All that said—might it not be that the basis for much of this analysis is changing even now. After all, West Germany last year had its first current account deficit for 14 years. It will have a much bigger one this year—and no one is sure when the books may balance again.

A country's current account position is not, of course, the only determinant of the strength of its currency. But after years of appreciation, the Deutsche mark fell in real terms against several other major currencies last year—and it is falling even in nominal terms against most currencies this year.

For the potential foreign investor, as well as for the Germans themselves, a series of questions present themselves. If the Deutsche mark continues to lose ground, will this not only increase imported inflation but make it harder to remove the current account deficit? And if inflation increases, what will be the impact on wage negotiations and, ultimately, on Germany's already high wage cost level?

It could be argued that a weaker Deutsche mark might help draw in more direct business investment from abroad and at least partly undermine the reasons why German companies have been investing overseas. And if German imports were relatively more expensive, then exports would be cheaper—helping correct the country's deficit by this *means*.

The counter-argument is that on the whole it is not so much price as a combination of know-how, technical finish and reliable delivery dates which have sold German goods abroad so far. And the kind of product palette which would actually benefit from a cheaper Deutsche mark is not the one in which the Germans can remain competitive in the long run.

This is broadly recognised, not only by German businessmen but by Government and by the independent Bundesbank—the "guardian of the currency." Despite the current warning signs for the currency and for the current account, a business investor from abroad would do well to recognise it too

Jonathan Carr

CONTENTS

FOREIGN PRIVATE INVESTMENT IN WEST GERMANY

Sector	bn DM
Transfer to subsidiaries	6.8
Oil processing	6.4
Electrical industry	5.1
Machine building	4.665
Banks	4.660
Chemical industry	4.659
Iron and steel industry	2.7
Vehicles	2.3
Food drink and tobacco	2.09
Rubber and asbestos processing	1.07

Source: Ministry of Economics

LABOUR COSTS 1979*

	Average Hourly Wage
Germany	12.70
Belgium	12.50
U.S.	12.10
France	8.50
Britain	8.20
Italy	7.30

* Excluding social benefits
Figures in DM, before tax
Source: Institute for German Economy

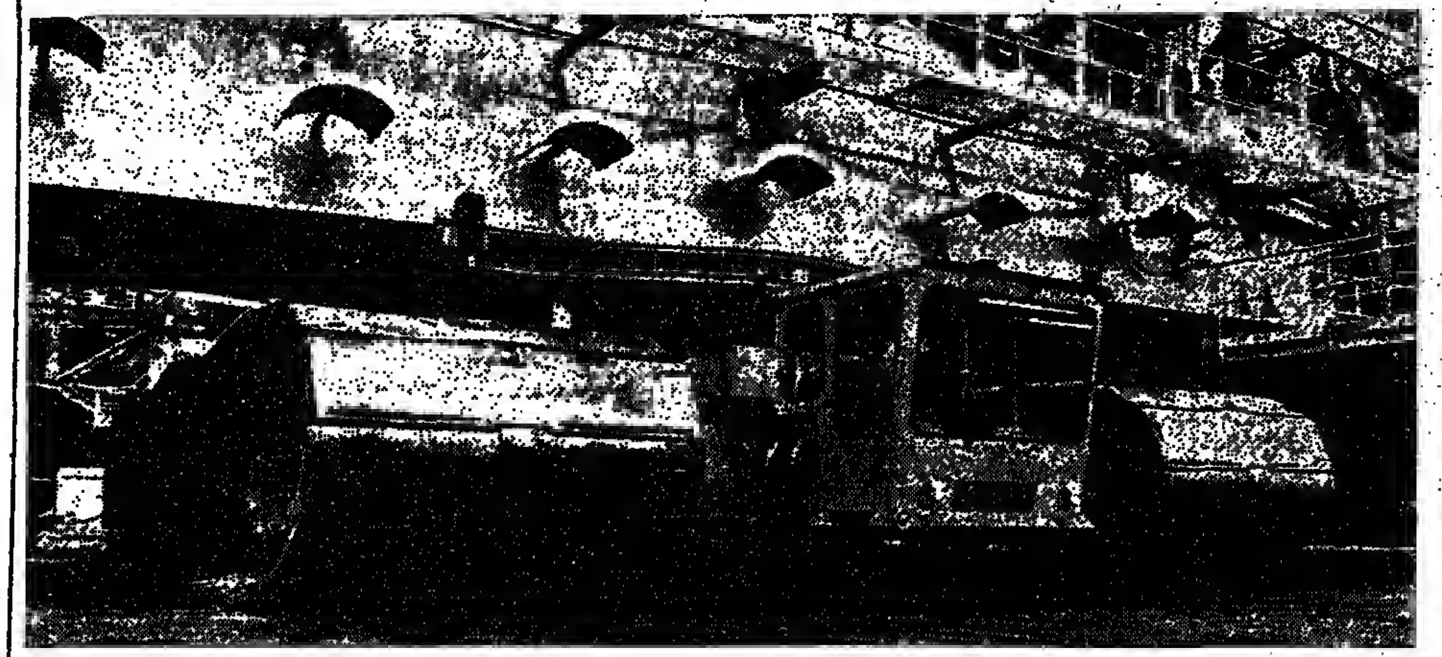
AVERAGE COMPANY PROFITABILITY

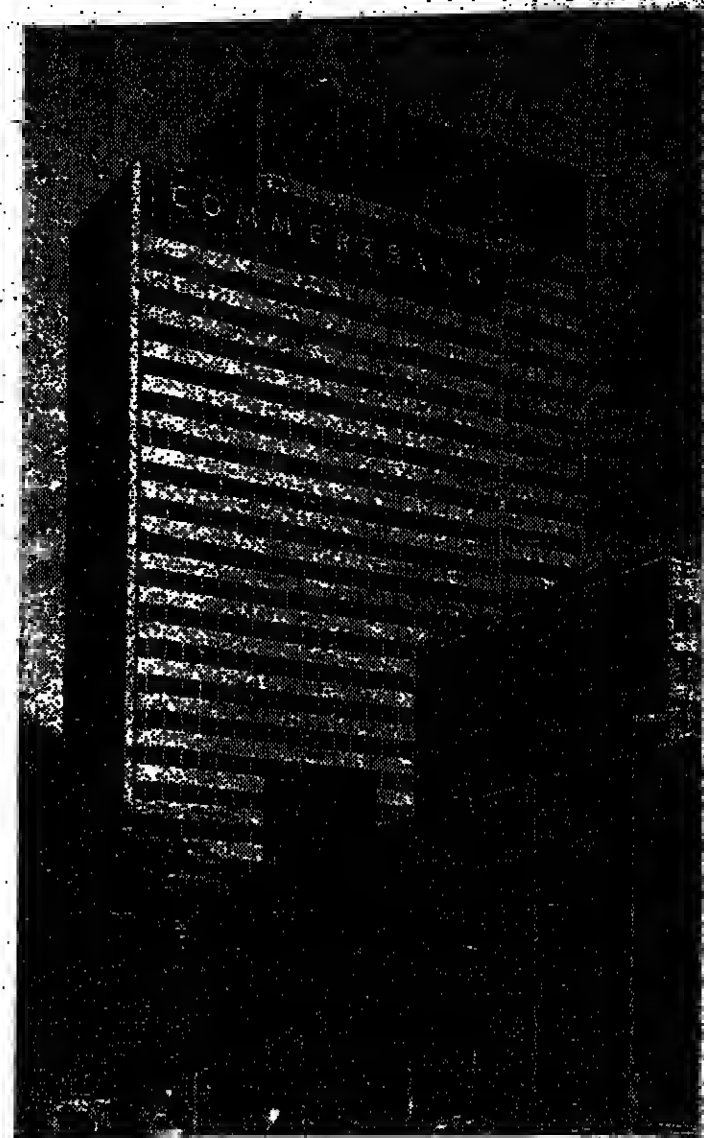
Country	Margin in per cent	Profits after tax as per cent of share capital
U.S.	5.1	13.4
Britain	3.6	10.4
Japan	1.7	9.0
Germany	1.6	8.5
France	1.1	4.5

Source: Institute for the German Economy, Cologne

INVESTING IN WEST GERMANY II

High wages and production costs and steep taxes are some of the reasons why fewer overseas companies are investing in West Germany. But there are some very good incentives to doing so, as Roger Boyes explains.





Above: a heavy-duty transport vehicle developed by the Krupp company. Iran has a 25 per cent stake in this group. Right: Commerzbank's head office in Frankfurt. The bank reports that West Germany's labour productivity is second only to Japan's

Calculating the cost of direct investment

TAKE A mildly ambitious U.S. manufacturer, anxious for a foothold in Europe but naturally keen to get a quick return on investment. His company is medium-sized, and in the U.S. be has a highly specialised market niche in advanced technology.

Should he make the great leap in the dark and invest in West Germany, a country where wage and production costs are among the highest in the EEC, wbere the language is strange and where taxes are steep?

That (literally) $64,000 question has clearly been troubling producers from the U.S. and several other countries over the past year.

On the face of it, it looks as if foreign investors are becoming increasingly wary abont investing and establishing themselves in West Germany. Economics Ministry figures show that U.S. concerns invested only DM 216m in West Germany in 1979, compared to a cumulative U.S. direct investment since 1961 of DM 20.1bn. To cumulative terms, the U.S. is still far and away the largest foreign investor in West German companies though last year Britain (DM 363m), Holland (DM 358m), Switzerland (DM 257m), Belgium and Luxembourg (DM 226m) all ploughed in more than the Americans.

The plain facts are that direct investment in West Germany last year grew by only DM 1.9bn—the first time in several years tbat it has fallen below the DM 2bn mark—while German companies ploughed a record DM 7.8bn into overseas-based concerns, especially in the U.S.

So the initial answer to our ambitious manufacturer appears to be: look before ynu leap. Cbeck why fewer overseas companies are lovestiog in West Germany and then weigh the reasons against some very good, solid motives for buying a stake in the German market.

It is difficult, for example, to find a company in West Germany at the moment that is not coocerned about the mounting pressure on its profit margins.

Labour costs are increasing this year by about 7 per cent—not a spectacular rise by most international standards but it is set against a background of already high wages and substantial holiday and social security benefits.

Energy costs—West Germany imports almost all its oil—rpse at an even steeper rate.

Meanwhile on third markets, prices bave to be kept down to stay reasonably competitive with countries such as Japan—the yen fell some 30 per ceot against the deutsche mark last year.

A study issued by the Cologne-based Instituta for German Economy shows that profit margins are substantially below those in the U.S., Britain and Japan, although they are ahead of France.

Add to this compendium of woes the costs of conforming with strict environmental standards and a network of tough taxes and it is clear wby so many concerns are deterred from investing in West Germany.

And yet these naked figures give a somewhat misleading picture. West Germany remains for many concerns an extremely attractive investment proposition and the absolute level of investment is higb. German investors are not rusbing overseas because the domestic market is repugnant or oversaturated, they are moving because the strength of the deutsche mark against the dollar long made export competitiveness difficult.

Caution

For West German manufacturers over the past year the watchword has been: buy local production facilities in the U.S. and elsewhere and secure both market proximity and price competitiveness.

Tbe flagging direct investment in West Germany may simply reflect the sense of caution in the world-wide business climate.

That, at any rate, is the view of officials from the West German Economics Ministry. A realistic assessment of West Germany's investment potential bas to go beyond simple costs and profit. The fact is that if a company is willing to forego its short-term earnings prospects for long-term penetration of the European market, then West Germany has a sharp edge over other European countries.

There seem to be five, largely inter-related factors:

● **ECONOMIC AND INDUSTRIAL STABILITY.** Despite its balance of payments deficit, West Germany remains economically strong. It recorded a growth rate of 4.5 per cent last year and officially expects growth of abont 2.5 per cent in 1980. Inflation is expected to run at between 5 and 6 per cent.

According to a report issued by the Commerzbank, labour productivity is second only to Japan, and only in Sweden and Switzerland has there been less time lost through industrial conflict (an aonnal average of 57 days was lost per 1,000 workers between 1974 and 1978).

And in spite of tha fears of some overseas businessmen, the 1976 law ou worker participation at supervisory board level has not significantly limited managerial flexibility. Indeed, it bas, by most accounts, contributed towards the defusing of industrial disputes.

● **FISCAL STABILITY.** One of the main periods of direct investment in West Germany came in the 1960s—and a significant cause was the remarkably stable level of the dollar exchange rate.

The dollar was worth DM 4.20 in 1960 and by 1971 was worth DM 3.50. Since then there has been a radical decline in the dollar from DM 3.20 in 1972 to between DM 1.80 and DM 1.70 last year. This has made investment in West Germany difficult for some foreign concerns.

Nonetheless, the essential economic health of West Germany under-pinning these fluctuations has proved an attraction to countries interested above all in minimising the risk on their investment.

This appears to have influenced soma of the oil producing countries which started to take stakes in West German companies after the 1973 energy crisis. Thus Kuwait bought a 14 per cent stake in Daimler Benz in 1974 and Iran bought a 25 per cent stake in Friedrich Krupp Huettenwerke, the steel maker, and then a 25 per cent share in the Krupp group. In 1975, Iran also bought a 25 per cent share of Deutsche Bancock, the engineering company.

Last month, Kuwait also bought a 10 per cent interest in Metallgesellschaft, the Frankfurt-based metals and engineering gronp. This came as something of a reassuranca to the West Germans who had feared that the freezing nf Iranian assets in West Germany by the U.S. would scare off OPEC investment at precisely the moment when it was most needed.

It was noticeable that although some earlier OPEC moves had causad pnblic disquiet — Iran's unsuccessful attempt to buy a stake in Daimler is a case in point—the latest Kuwait deal went through with a minimum of fuss.

● **SKILLED LABOUR.** A factor which has clearly infinenced the direction of a lot of direct investment is West Germany's high standards of engineering and the large number of skilled workers.

On the labour market, one potential snag for investors is the short working week and long holidays (only Belgium and Austria have shorter working time). But this has to be balanced against very low absenteeism rates and high productivity.

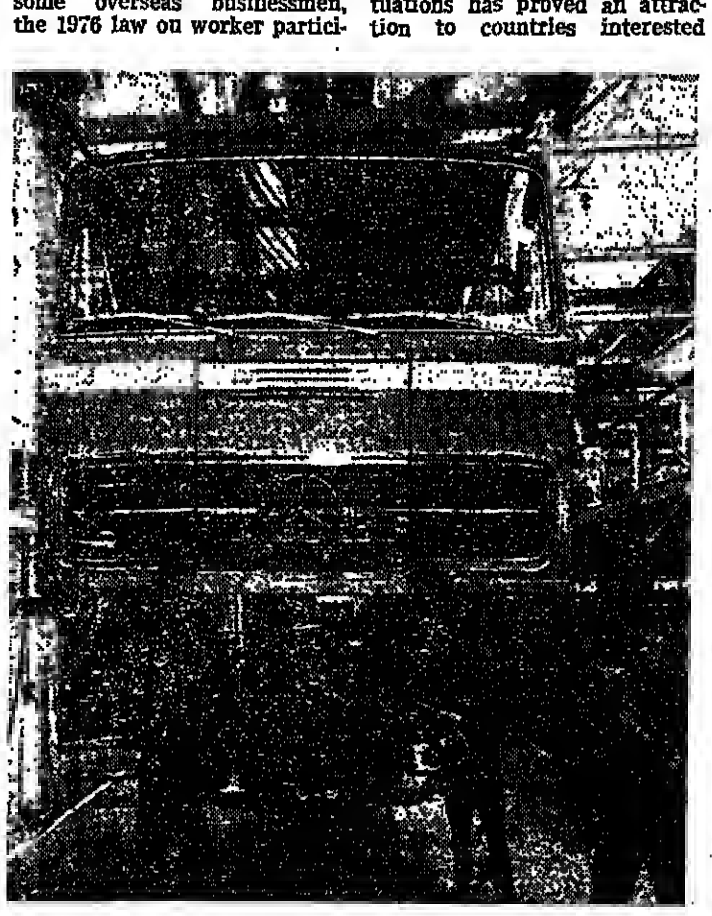
● **INVESTMENT INCENTIVES.** The state bas identified several problem areas, such as West Berlin and the areas bordering East Germany and Czechoslovakia, wbich ara eligible for generous investment allowances and grants.

These ranga from freight subsidies on tha Berlin route to creap credits and substantial tax concessions.

● **INFRASTRUCTURE.** West Germany has an extremely favourable financial and commercial infrastructure for overseas concerns trying to penetrate the European market as a whole.

Geographically, it is well positioned for transporting goods to either East or West Europe and its sophisticated motorway network makes east-west and north-south transport relatively easy.

And the country's universal banking system allows banks to assist at every stage of a purchase, from the initial market analysis to the financing of the deal.



Work on the Daimler-Benz production line. Kuwait has a 14 per cent holding in the company

Beneficiaries

It is clear from the Economics Ministry statistics that the companies that have benefited most from these factors are those specialising in high technology and engineering.

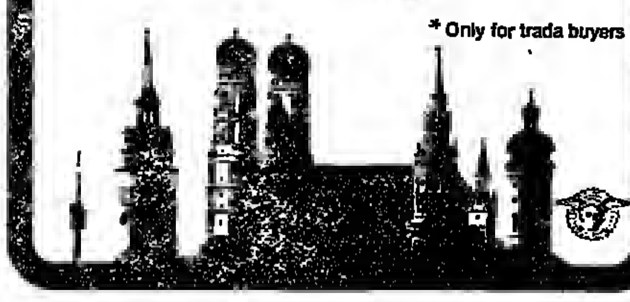
These companies are not so seriously affected by high costs and rely on a combination of elements — tight delivery schedule, after-sales service, technical quality as well as price—for their success.

Nonetheless producers of high valua consumer goods—again leaning on quality rather than price—also gain from the specific investmant conditions in West Germany. The enclosed table shows precisely where the principal areas of direct investment are in tarms of turnover.

Apart from the areas shown in tha table, the Commerzbank economics research section has also identified a number of important growth areas where direct investment could yield long-term results.

These include micro-electronics (West Germany is still behind the U.S. in this field), capital goods (the investment climate strongly favours energy-saving technology), biochemicals and the sports and leisure industry.

The advice to our manufacturer-guinea pig is thus rather dependent on his market. But provided he can contain his understandable desire for a quick and ample return on his investment, he could do far worse than invest in West Germany.



هكذا من الأصل

Ford workers finishing a shift at Koln. The company is to build a plastics component plant in West Berlin

Policy change should encourage investors

WEST GERMAN monetary authorities have produced a marked change of policy this year—and, on the face of it, one highly encouraging to the potential investor in Deutsche Mark assets.

Not only have restrictions on capital imports been relaxed—with the Federal Government in Bonn showing the way by borrowing several billion Deutsche Marks direct from Sandi Arabia—but the Bundesbank has also been increasing the discount rate, most recently to 7.5 per cent in May, to try to stem the outflow of funds abroad and to help maintain the strength of West German currency.

At first sight this seems odd in a country whose monetary officials have long had strong reservations about the rise of the Deutsche Mark as a reserve currency.

The explanation is that West Germany finds itself in a new and rather uncomfortable position as a country with a current account deficit—DM 9bn last year and probably well over DM 20bn this year.

Until this deficit is removed, and few are willing to hazard a guess when that might be, it must be financed, either by running down the Bundesbank's (admittedly large) reserves or by encouraging inflows of capital.

For years West Germany's problem bad seemed to be how to prevent too strong an appreciation of the currency, which forced up export prices and—in theory—reduced its international trade competitiveness.

Now the rise of the Deutsche Mark is seen in many respects as a blessing in disguise. The new problem is how to stop the currency drifting down—a fall which increases import prices in Deutscbe Mark terms and could turn a temporary current account deficit into a chronic one.

Interest

Part of the answer lies in keeping the inflation rate relatively low and encouraging moderate wage settlements and social consensus—thus persuading the foreigner that Deutsche Mark assets remain a good investment even in the medium and long term.

Another part lies in maintaining an attractive interest rate level, in particular against that prevailing in the U.S.

West German authorities have been working hard to convince potential investora on both scores. But until fairly recently they could afford to spare themselves some of the effort—as the accompanying table indicates.

It shows that in the four year period from mid 1975 to mid 1979 alone, Deutsche Mark investment by foreigners in the West German capital and money markets almost doubled to DM 185bn. That figure does not include the large Deutsche Mark assets held by foreigners outside West Germany—for example in the Eurocurrency market.

But it is enough to underline the growing trust of investors in the West German currency as a store of value—compared with the U.S. dollar in particular. That trust has—at least until recently—been amply justified. In 1976 the West German currency appreciated against the American one by 11 per cent, in 1977 by 12.2 per cent, in 1978 by 15.2 per cent and last year by 5.6 per cent.

So who were the main recipients of the inflow of funds from abroad? Heading the list, as the table shows, was the banking system itself. Last year the banks accounted for almost half the foreign Deutsche Mark assets in West Germany—a much bigger share than they had run four years earlier.

Buoyant

The most dramatic increase over this period—from DM 5.8bn to DM 33.2bn—came in the bank's long-term liabilities, that is in deposits and through the issue to non-residents of "schuldscheine" (promissory notes).

The growth in deposits partly reflected the removal in September 1975 of a measure, introduced four years earlier, under which the payment of interest on non-resident accounts was subject to special authorisation. The buoyant business in "schuldscbeine" reflected a happy conicidence of interests between non-residents wanting long term West German securities free of coupon tax and West German banks who were facing a growing demand for long-term credit at home.

On the other hand, foreign interest in bank bonds declined, no doubt partly because of coupon tax requirements which made "schulrsheine" seem a better bet.

Foreign financial assets with West German enterprises and individuals totalled DM 74.5bn at mid-last year. That is not very far behind the DM 89.6bn accruing to the banking system, but the rate of growth over the last few years has not been so pronounced. It is ironic to recall that in the wake of the first oil crisis, fears were expressed that the OPEC states might try to "buy up German industry."

The available figures indicate that there is still some way to go before that is achieved. While foreign portfolio investment in West German shares totalled DM 8bn in 1975 (compared with DM 3.5bn in 1970), it totalled DM 15.5bn in mid-1979.

It is now relatively common to hear businessmen and industrialists yearning for that injection of OPEC funds which, combined with West German diligence and know-how, they feel could spell still greater success in the battle for world markets.

In any case, this foreign portfolio investment is markedly less than the Deutsche Mark claims of foreign banks on West German enterprises, many of which have been taking advantage of more favourable borrowing conditions on the Euromarket. Something of the same goes for the West German public authorities, which have helped cover their large deficits by taking up credit abroad.

It is not, of course, only foreign individuals and enterprises who have shown growing interest in the Deutsche Mark. Foreign monetary authorities have been doing the same. It is hard to estimate just how large these official Deutsche Mark holdings are, but the Bundesbank reckons that at the end of 1978 they must have totalled about DM 50bn.

That would mean that the Deutsche Mark had a share of more than 11 per cent in the foreign exchange reserves of non-German monetary authorities, making it the world's second most important reserve currency.

The Deutsche Mark's share is far behind that of the dollar, with 80 per cent, but even this relatively modest reserve role gave West German authorities many headaches. They felt that West Germany did not have the economic weight, nor were its financial markets sufficiently large, to accept the strains a reserve currency role implies.

In a way, developments this year have underlined the point. In the first four months alone, the Bundesbank's net monetary reserves fell by DM 18bn, mainly because of very large short-term capital exports by the banks.

Less rigid

In the past, it has been just this kind of development—often quickly followed by a surge of funds returning to West Germany — which has played havoc with the Bundesbank's efforts to control domestic money supply and, partly through that, the inflation rate.

How much worse might these inflows and outflows become if the Deutsche Mark'a reserve role were still greater? it was asked.

On the other hand, there are signs that under Herr Karl Otto Poehl, who became president of the Bundesbank at the start of this year, a less rigid attitude is being taken to the reserve currency question.

It appears to be increasingly accepted that for years to come the Deutsche Mark will have an important, but far from predominant role among world currencies, and that this carries responsibilities which West German authorities cannot avoid.

As it happens, this change of mood coincides with the need to actively work for the maintenance of a strong Deutsche Mark while the West German current account remains in deficit — so that, for a while at least, West Germany's apparent international obligations and her domestic needs nicely coincide.

Jonathan Carr

The Dresdner Bank in Dusseldorf. Last year banks accounted for almost half West Germany's foreign Deutsche Mark assets

FOREIGN DEUTSCHEMARK ASSETS IN GERMANY

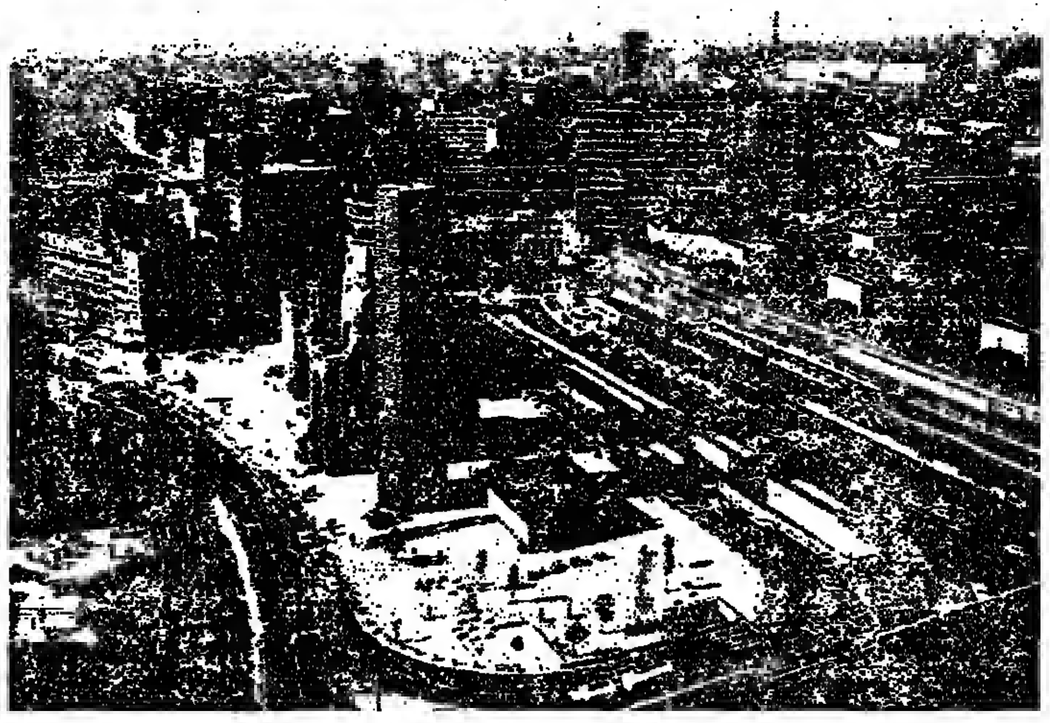
(DM bn)

	Mid-1975	Mid-1979
1—In the German banking system		
(a) Bundesbank	1.5	6.0
(b) Banks		
Short term	19.2	35.9
Long term —Financial credits	5.8	38.2
—Bonds	12.3	9.5
Total 1	38.7	89.6
2—With enterprises and individuals		
Short term	27.5	42.9
Long term —Financial credits	10.8	13.5
Portfolio investment		
Shares	8.0	15.5
Bonds	2.1	2.5
Total 2	48.5	74.5
3—With Public authorities		
Long term —Financial credits	1.7	11.5
—Bonds	2.3	7.1
Total 3	4.0	18.6
Deutsche mark notes (held by foreigners)	2.1	2.6
Overall Total	93.4	185.3

(Source — Deutsche Bundesbank. Differences due to rounding).

West Berlin offers the highest subsidies available in West Germany and companies are flocking to take advantage of them. Leslie Colitt reports.

Ford on the Berlin trail



Breitscheidplatz in the centre of Berlin

FORD MOTOR COMPANY recently decided to join the long list of foreign and West German companies that manufacture in Berlin, from Philip Morris and Gillette to German-based giants such as Siemens, AEG-Telefunken, and BMW.

One of the reasons behind Ford's decision to build a plastics component plant in West Berlin is the fact that the city is located 110 miles inside East Germany and unbashedly offers the highest subsidies and tax advantages of any in West Germany.

Companies setting up production facilities in West Berlin receive a cash subsidy amounting to 20 per cent of building costs, and between 25 and 30 per cent of the cost of moveable fixed assets is also reimbursed.

The investment subsidy, which is also available to companies engaged in data processing, research, and development, is tax-free and does not reduce the basis for depreciation.

Companies may also obtain loans from the European Recovery Programme to finance new Berlin investments. Such loans are given for up to 40 per cent of the investment at a 6.5 per cent fixed interest rate over ten years with principal amortisation starting in the third year and 100 per cent payout.

In order to promote the sale of West Berlin products, companies in West Germany ordering the goods also qualify for loans and preferential interest rates.

Companies with manufacturing plants in West Berlin receive a reduction in the Federal Value Added Tax which varies from 4.5 per cent to 10 per cent of the amount paid for goods sold to buyers in West Germany. The actual deduction depends on the value added to the product in West Berlin.

West German purchasers receive a VAT reduction of 4.2 per cent. Deliveries of Berlin-made products to a West German factory of the same company qualify under certain conditions for a 6 per cent reduction.

In the case of Berlin-based companies selling know-how, such as engineering consultants, data processing offices and advertising or film studios, the reduction is 10 per cent.

Depreciation

Fixed assets of a Berlin manufacturing plant can be depreciated in the year of purchase or construction and four years afterwards at up to 75 per cent of the cost. Depreciation may be claimed on prepayments for such assets. Starting in the year after having depreciated 75 per cent, depreciation is based on residual value and the remaining useful time of life.

The accelerated depreciation applies to moveable assets and to buildings used for manufacturing, research and administration as well as data processing.

Special tax rates apply to corporate income earned in West Berlin if the company has its business management or legal domicile in Berlin or a manufacturing plant with at least 25 Berlin employees. Berlin corporate income tax is 22.5 per cent lower than the normal German rate for qualifying companies. The Gewerbesteuer, or local tax, was reduced in Berlin from 15 per cent to 10 per cent this year.

Income tax for Germans in West Berlin is 30 per cent lower than in West Germany, and Berlin employees receive a tax-free bonus amounting to 8 per cent of their wage or salary as well as added family allowances for their children.

Few comforts for investors on the Stock Exchange

Frankfurt Exchange has emerged as the strongest West German market

THE Roller coaster movement of the West German stock markets has given investors an interesting ride for the first half of 1980, but they could be forgiven for thinking that, despite all the movement, they have not made much progress.

The All-Share index of the Frankfurt Exchange, for instance, had advanced by only 0.8 per cent by the end of May to 96.77. The early promise of February had suggested the unhappy developments of 1979 could perhaps be overcome by the last week of that month when the high for the year, 101.29, was reached.

Events in both the U.S. and the domestic West German economy then contrived to send the index plunging by the end of March to a low of 91.4, however. By early summer, the share market had regained some of its muster, but sudden excitements, like the upheaval which hit the bond markets when they caught the first whiff of falling U.S. interest rates, were short-lived.

The major activity has inevitably centred on the bond market under the influence of the sharp rise and fall in U.S. interest rates and the turnover on the Frankfurt Exchange in fixed interest securities of DM 10.1bn (£2.44bn) in the first five months was up by 33 per cent compared with the corresponding period of 1979.

Partly as a result, share dealing activities tended to be overshadowed with turnover in the first five month of DM 5.9bn showing little change on last year's corresponding figure of DM 5.5bn.

All of which is little comfort to those in West Germany who are trying to secure the all-important place for shares in the Federal Republic's financial scene.

For several years, one major complaint by investors has been that companies themselves have stifled interest by adopting policies of dividend continuity. Dividends might not be fixed at a very attractive rate, but companies have made a virtue of keeping close to this level in good years and bad.

In the lead up to this year's season of annual meetings, several campaigns have been launched, partly by small investors' associations trying to focus political attention on distribution policies. At least some companies appear to have been paying heed.

The sectors which did well last year, particularly the chemicals and motor companies, have allowed shareholders to benefit from their substantial improvement in earnings. German companies do seem to be learning at last to show more flexibility, and many observers have been pleasantly surprised by recent dividend announcements.

Surprises

Chief among the surprises was perhaps BASF, which pushed up its dividend from DM 6 (£1.45) to DM 8 (£1.94) a share, which, when taken together with the tax credit for domestic investors, represented a record pay-out for the chemicals giant.

Vereins - UND Westbank pointed out in a recent bulletin: "The flexible approach to dividend policy appears more conducive to a rational evaluation of the attraction of equities than a rigid adherance to pre-ordained rates, even if this does involve the subsequent reduction once the economic downturn begins to bite.

On the longer term, the biggest question now hanging over the market concerns the size and the timing of the coming recession and the speed at which the market will then recover as a result of falling interest rates.

The speed at which the markets can turn was clearly demonstrated in the German bond market in April, which turned out to be one of the most hectic trading months ever, not only in terms of volume, but also in terms of the actual movement in prices. The average yield declined sharply from 10 per cent at the beginning of the month to 9 per cent at the end.

The cause of such rushed trading was clearly the feeling that interest rates had peaked, particularly in the U.S., and the market was looking for any excose to move after the previous hard months.

As far as West Germany itself was concerned, it misread the signals. The Bundesbank showed at the beginning of May, with its latest increase in the key Lombard rate, that the fight against inflation and the insistence on a tight monetary policy were still paramount. Interest rates have probably peaked in West Germany, too, but the Bundesbank is still indicating that it could be some months before it loosens the reins.

With the exception of the first four months of this year, the real attraction for foreign investors to the German bond and share market has lain in the strength of the D-mark. Question marks have been raised over its stability recently, but the Bundesbank will not easily allow the D-mark to drift downwards.

Foreigners still regard the West German currency as safer than the dollar over the long-term, and as a result German capital markets have again been attracting increasing inflows of funds—a relief after the massive outflow in January to March—and most of these have sought a home in fixed interest securities.

The fact that the dollar is under pressure again means that the German equity market is also likely to become increasingly attractive to overseas investors again. As the Frankfurt Stock Exchange is fond of pointing out, gains made in other foreign equity markets are often cancelled out by currency losses. Last year, for instance, the Dow Jones Industrial Average Index gained 4.2 per cent, but the U.S. dollar lost 5.3 per cent against the D-mark.

Whatever the strength of such arguments, shares have still to win a strong place in the German investment scene. For companies, equity capital is still an expensive way of raising finance, and shares also take a very low place on the list of priorities of the average German investor.

A recent study by the Frankfurt Stock Exchange showed that less than 10 per cent of more than DM 500bn raised by German companies during the past 10 years came from equity capital raised through rights issues.

The share of equity to debt in German companies' financing has actually fallen in recent years. In 1978, the share of equity capital in the total balance sheet of German companies averaged 25 per cent, compared to 45-to-50 per cent in the UK and 55 per cent in the U.S.

The number of companies quoted in West Germany is yet another reflection of the rather diminutive stature of the Federal Republic's stock markets against the operations of other countries, such as the UK or the U.S.

At the end of 1979, only 458 of West Germany's 2,000-plus aktiengesellschaften, or stock corporations, were quoted on the country's exchanges.

Comparisons

By international comparison, West Germany comes far down the list. In the UK in 1978, 2,795 companies were quoted on the country's stock exchanges; in France the total was 1,101; Japan, 1,709; while in the U.S., New York alone could boast 1,581 company quotations.

Not only are there far fewer quoted companies in West Germany than in most other industrialised countries, but even those that are traded on the stock exchanges are often owned to a great extent by the banks, which have a closer—some would say more incestuous—relationship with industrial companies than is usual elsewhere.

Attempts have been made to interest more of the public in owning industrial equity. There is a movement for wider share ownership, and many of the leading industrial companies regularly offer shares at very attractive discounts to employees. But, by and large, the message can hardly be said to be getting across.

The lack of interest and lower level of business was shown last year in the total volume of transactions at the Frankfurt Exchange. Both shares and fixed interest securities reflected the fall in the index, and the total turnover showed an even more dramatic fall of 21.6 per cent to DM 68.3bn, compared with DM 87.1bn in 1978. This was the first time since 1976 that the volume of dealings had declined.

The structure of West German stock markets mirrors the federal structure of the state, with no single exchange having the pre-eminence of New York in the U.S., London in the UK, or Tokyo in Japan.

The Frankfurt Exchange, however, has emerged as the strongest contender as a result of its growing international links. As the city has become the single most important financial centre of the Federal Republic, so its stock market has benefited, taking on a special importance ahead of other regional exchanges such as Dusseldorf, Munich or Hamburg.

Last year, Frankfurt accounted for 46 per cent of the total volume of dealings on German exchanges. It clearly faces its hardest fight against other German regional markets in the turnover of domestic shares, where its share of the total West German volume amounted to 38 per cent, and in domestic bonds sales, where its share last year was 41 per cent.

In the sale of foreign shares, however, it is pre-eminent, taking 67 per cent of the total business. Last year it claimed 80 per cent of the volume of fixed interest securities isued from foreign sources.

Until 1977, fixed interest bonds were accounting for a growing share of the total volume of trading done on the Frankfurt Exchange, but during the last couple of years this process has been halted. Last year shares took 39.3 per cent of total business, compared with 33.9 per cent in 1977.

Of the shares turnover of DM 12.5bn, German securities accounted for DM 9.7bn, 30.5 per cent of total market turnover, while foreign shares built up a turnover of DM 2.8bn, some 8.8 per cent of the total market.

The importance of foreign shares on the Frankfurt market has grown considerably during the past three years, accounting for 8.8 per cent of the total market in 1979, compared with only 4.3 per cent in 1977.

Foreign securities

Again, the importance of foreign securities to the Frankfurt market can be measured by the number of companies quoted on the Federal Republic's leading exchange.

The number of quoted domestic companies has been declining steadily over the past 10 years, and the number of new entrants to the market is in most years more than outweighed by those leaving the arena. By the end of 1979, only 227 German companies were quoted in Frankfurt as against the 263 of 10 years earlier.

Foreign names have been seeking quotations in Frankfurt with increasing regularity, however, and by the end of 1979 the total of foreign quoted companies had risen to 179, compared with only 42 in 1968.

As a result, Frankfurt could boast 406 company quotations by the end of last year, a marginal addition of eight over the position a year earlier.

Kevin Done

Hamburg stock exchange: the strong D-mark is the main attraction for foreign investors

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Foreign incentive programme to aid poorer regions

WHILE West Germany as a whole raced ahead with its economic miracle, some of the country's more vulnerable regions trailed behind in a distinctly unmiraculous way. To stave off serious regional disparities, the Bonn Government *introduced a comprehensive investment* incentive programme which is of considerable interest to both foreign and domestic companies.

The incentive scheme has three main objects. First, it has tried to counter-balance the psychological and economic deterrents to investing in West Berlin and in those areas near the East German border. Quite apart from the political uncertainties surrounding, for example, regular freight transport to Berlin, the partition of Germany also brought with it economic problems for companies based near the East-West border. Such companies often depended on trade with nearby areas, which were automatically cut off when the Iron Curtain fell.

A second target for investment incentives is the predominantly rural areas, such as the state of Schleswig Holstein in the north of Germany, which have a low level of industrialisation and which find it difficult to attract large concerns.

These areas are frequently hit by a vicious circle—young workers, reluctant to commit *themselves to the farm and not* finding any suitable industrial work, leave the state. This in turn discourages new investors and puts pressure on other states or towns which may have only a limited number of jobs available.

The third principal object of investment aid is those industrialised regions that are heavily dependent on the fortunes of a single industry, such as the Saarland. *This region—at least* until the investment incentives were *introduced—was strongly* dependent on the coal and steel industries. Both these sectors have naturally been especially vulnerable in recent years and indeed the steel industry is still talking of an enduring crisis with declining demand and low prices.

The need for a co-ordinated regional investment policy only really hit home after the 1966-67 recession. Then, with cracks appearing in the economic miracle and unemployment edging upwards, it suddenly became clear both to Bonn and to the 11 federal states (Laender) that a joint programme was needed.

For foreigners it seems astonishing that some sort of investment link-up had not been thought of before but the general assumption since the War had been that regional differences would gradually blur and that the poorer areas would be drawn into the orbit of the wealthier. In fact, the reverse happened, and industries near the East-West border began to wither away as more and more skilled workers left for the cities.

Three national *laws have cut* through much of the rivalry of the various Laender and established a uniform set of standards for investment assistance. They have also effectively ended the notorious "watering can" principle of investment subsidies, whereby a whole region—irrespective of relative wealth—was boosted by federal funds.

The original two laws, which were passed in 1969, are known as the Investment Allowance *Law and the Law Ruling* on Improvement of Regional Economic Structure. These form a complementary basis for investment aid. The first provides a tax free investment allowance of 10 per cent for projects in the East-West zonal border areas, and 8.75 per cent of the investment sum in special development regions, such as the Saar.

Discretion

This legally guaranteed basic incentive can then be topped up with investment grants made available under the second law. Such supplements allow the Laender a considerable degree of discretion and enable them to some extent to guide investment flow to the neediest parts. In the zonal border areas, the investment allowance plus grant can reach a maximum of 25 per cent of investment costs. In other areas, the maximum swings between 10 and 20 per cent.

A third component of the country's investment scheme was put into place in 1970, providing for close co-ordination between Bonn and the Leander in determining the main "stress areas." Gradings were established for the type of investment involved—rationalisation or start-up investment for example—and 329 key locations within 20 special development sreas have been agreed.

A West German Chamber of Commerce analysis recently reloased makes two further points worth bearing in mind for potential investing companies. Development incentives are *only granled* on *investments* by companies whose products are sold at supra-regional level, while investments in corporate expansion are supported only if either 50 or more new jobs are created or if the potential size of the workforce is increased by at least 15 per cent. The idea of this last point is to ensure that development funds are not being claimed by companies that would have gone ahead with the investment anyway.

However, the high threshhold does mean that small companies are somewhat neglected. The Laender admittedly have funds available for spurring investments among smaller concerns—but the incentives have been deliberately made less attractive than for the larger concerns so as not to conflict with the strategic aims of the joint Bonn-Laender programme.

But small companies can benefit quite considerably from the so-called European Recovery Programme, which provides cheap credits for investments in development regions. The ERP fund is rooted in the post-War Marshall Aid pro*gramme. Then, goods* supplied to the German Government by the U.S. were bought for Deutsche Marks by German companies and the money now forms the basis of the ERP fund which is solely ear-marked for national economic development.

Small companies can receive loans of up to DM 100,000 for investment in equipment, or up to DM 150,000 if the investment involves construction. The ERP fund can also be helpful for small companies obliged to meet West Germany's stringent environmental rules, which often involve the installation of costly technology. The ERP also provides aid for a wide number of other expansion-related projects.

For overseas concerns, investment in West Germany can often be as much determined by tradition as incentive. But in some *cases these two criteria* happily overlap. Thus Scandinavian and Finnish concerns have tended to invest in Hamburg and Schleswig Holstein because of the geographical proximity and because of the nature of the businesses involved (shipping and wood trading).

According to a Commerzbank study, Dutch and an increasing number of Swedish companies are investing in North Rhine-Westphalia — which is also eligible for some investment incentives. There are also many French concerns in the Saarland, which is another special development area.

British companies have tended to concentrate around North Rhine-Westphalia; U.S. companies often favour the Frankfurt area, both because of the easy air link with the U.S. and because it is in the heart *of the American military zone.*

Criticisms

In general, the investment incentive programme appears to be achieving its primary objectives. The Economics Ministry estimates that between 1972 and 1978, over 27,000 investment projects (total value over DM 68bn) were officially sponsored. Over 500,000 new jobs were created and 760,000 threatened jobs were safeguarded.

There have, however, been fundamental criticisms of the system as it stands. There is a feeling—shared by such diverse bodies as the Bavarian Ministry of Economics and the Kiel Institute for World Economics—that investment is being poured into the development regions without any real control. This is increasing State influence throughout the country—thus development areas now embrace 61 per cent of federal territory, compared to under 40 per cent in 1970.

There seem to be two main bodies of criticism. One view, shared by some of the richer Laender, is that the number of development areas should be reduced and that more power should be given to the Laender.

The other, more theoretical perspective is that allowances and grants should be adjusted to the qualification level of the newly-created jobs and not to the amount of capital invested. This would encourage investment in innovation and in know-how rather than in the preservation of inefficient industrial structures.

The present balance of power—with Christian Democrats governing the majority of the Laender and the Social Demo*crats and Free Democrats hold*ing power in Bonn—makes it extremely unlikely that there will be any reform of the system before the October elections.

Even if the CDU wins the elections in October, the joint Bonn-Laender scheme is likely to survive, if only because co-ordinated investment is infinitely preferable to the anarchic scramble for regional aid which characterised the 1960s.

Roger Boyes

The Hamburg waterfront. Scandinavian companies invest in the city because of its geographical proximity

Property prices stabilise after an 18-month climb

BUOYED by the general growth of the economy in the past two-and-a-half years, the West German property market has done much to recover from the often bitter experiences suffered in the mid-1970s.

The construction industry has made a major contribution to West Germany's economic activity, growing much faster than the average since 1977.

Despite the slowing down in new orders taken by building companies in recent months, the backlog will ensure a further jump of about 5.5 per cent in building activity in 1980, albeit with some stagnation at this level in the second half of the year.

In many categories of property, both private and commercial, the over-supply of the mid-1970s has alrgely been absorbed. In spite of the high level of building activity, there are narrow segments of the market which are starting to show signs of demand outstripping supply.

At the same time, however, quickly rising prices and the mounting costs of financing property developments and purchases are also making an impact in checking demand, especially in the private sector.

In general, a certain levelling off of both rentals and purchase prices is being seen across the West German market after the relatively sharp rate of inflation of the past 18 months.

The West German Estate Agents' Federation says prices for general commercial office accommodation have stabilised in recent weeks. The pressure of empty offices on the market has been relieved, however.

In Frankfurt and Hamburg, there has been a big reduction in the amount of office space available for renting. Munich is already reporting the first signs of a shortage of office space.

Competitive

Average rentals in large towns for offices offering high grade use appear to have settled at around DM 12 to DM 15 (£2.90 to £3.65) a square metre. In the *main* cities and major conurbations, however, new customers are having to pay about DM 20, and even more is being demanded for newly-built offices.

In the highly competitive retail market, the tough fight for customers—and, therefore, the prime sites—is reflected in the way rental demands have developed for first class retail stores.

Even the smaller stores on attractive sites in the centre of large towns can cost more than DM 150 a square *metre* a month, although rentals for large stores tend to fall between DM 100 and DM 120. In the smaller towns, retailers are having to pay between DM 70 and DM 120.

Rentals in this sector have risen, on average, by more than 10 per cent during the past year.

As far as *other* business and industrial property is concerned, estate agents report a marked trend back towards the big conurbations.

For senior managers in industry and commerce, the attractions of being close to the major markets, of having shorter transport and communications links, and of being able to draw staff from a far more varied and skilled workforce, are beginning to outweigh the advantages of special development grants and tax incentives available to new businesses in less prosperous outlying areas.

Sales of speculative developments in this sector to investment interests is becoming increasingly dependent on the successful agreement of long-term leases with first class addresses.

Optimism

There is no return to the golden age of the early 1970s in prospect—memories are, perhaps, not short enough to allow that—but several foreign estate agents viewing the German market are more optimistic now than they have been for several years.

West German property is again an attractive asset to promote. A detailed study of the Frankfurt area by Jones Lang Wootton led it to comment that a remarkable turn-around in the market had occurred, and that there could be dramatic rises in rents during the next few years.

Last year was one of the best for the West German property market since the boom years of the early 1970s, according to a recent report from Richard Ellis.

Behind the renewed interest from abroad is the fact that the West German economy is still developing rather better than the majority of its competitors, and despite the prospect of a slow-down in the second half of 1980 it has resisted the onset of recession more robustly than most other industrialised nations.

The Government's forecasts at the beginning of the year of an economic growth in 1980 of some 2.5 per cent, compared with 4.4 per cent last year, could well be exceeded. Even the Bundesbank, the West German Central Bank, is ready to admit that a growth of more than 3 per cent is possible.

The weakness of the Deutsche Mark against the dollar in the first four months of 1980 also appears to have been a passing phenomenon. With the fall in U.S. interest rates, the attraction of the dollar for speculative capital flows has diminished and the spectacular outflow of capital from West Germany earlier this year has been reversed.

The problems posed by the balance of payments, however, which represent a more deep-rooted threat to the stability of the Deutsche Mark remain, and are far less likely to respond to short-term treatment. The Bundesbank makes clear that the top priorities must remain the reduction of the current account deficit (last year's DM9bn is expected to grow to more than DM20bn in 1980) and, above all, the reduction of the present rate of inflation.

West Germany's rate of inflation remains the envy of most other countries, but it has recently exceeded an annual rate of 6 per cent and is causing great concern for the monetary authorities in the Federal Republic. The rate may fall later this year, but the Government's hope that inflation could be kept to an annual average rise of 4 to 5 per cent will not be met.

The Bundesbank policy for controlling inflation has a direct impact on the property market. It centres on the maintenance of a tight control on the money supply and credit together with high interest rates. It has raised key interest rates twice in recent months but resisted pressure to reduce them since in the wake of falling U.S. interest rates.

The effect has been to sharply push up the cost of property financing, and this has had a sharp impact in the home-owning sector. The demand for private properties fell markedly during the spring of this year, and at the same time rapid price rises in the private property sector lost much of their force.

Financing has caused problems for so many potential owners that the buying market has contracted. Even the front-runners, private detached houses, terraced houses and privately-owned flats, have been affected by the fall in demand.

Prices of both houses and flats rose by up to 30 per cent last year, partly because of the short supply of suitable properties, but also because many buyers were eager to agree contracts before another rise in interest rates, which are fixed for long periods in West Germany.

Falling demand

Estate agents say all the signs for the next year point towards falling demand but little change in prices for private property. Buyers have the chance to make very careful assessments before moving into the market, and many sellers may have to reduce prices.

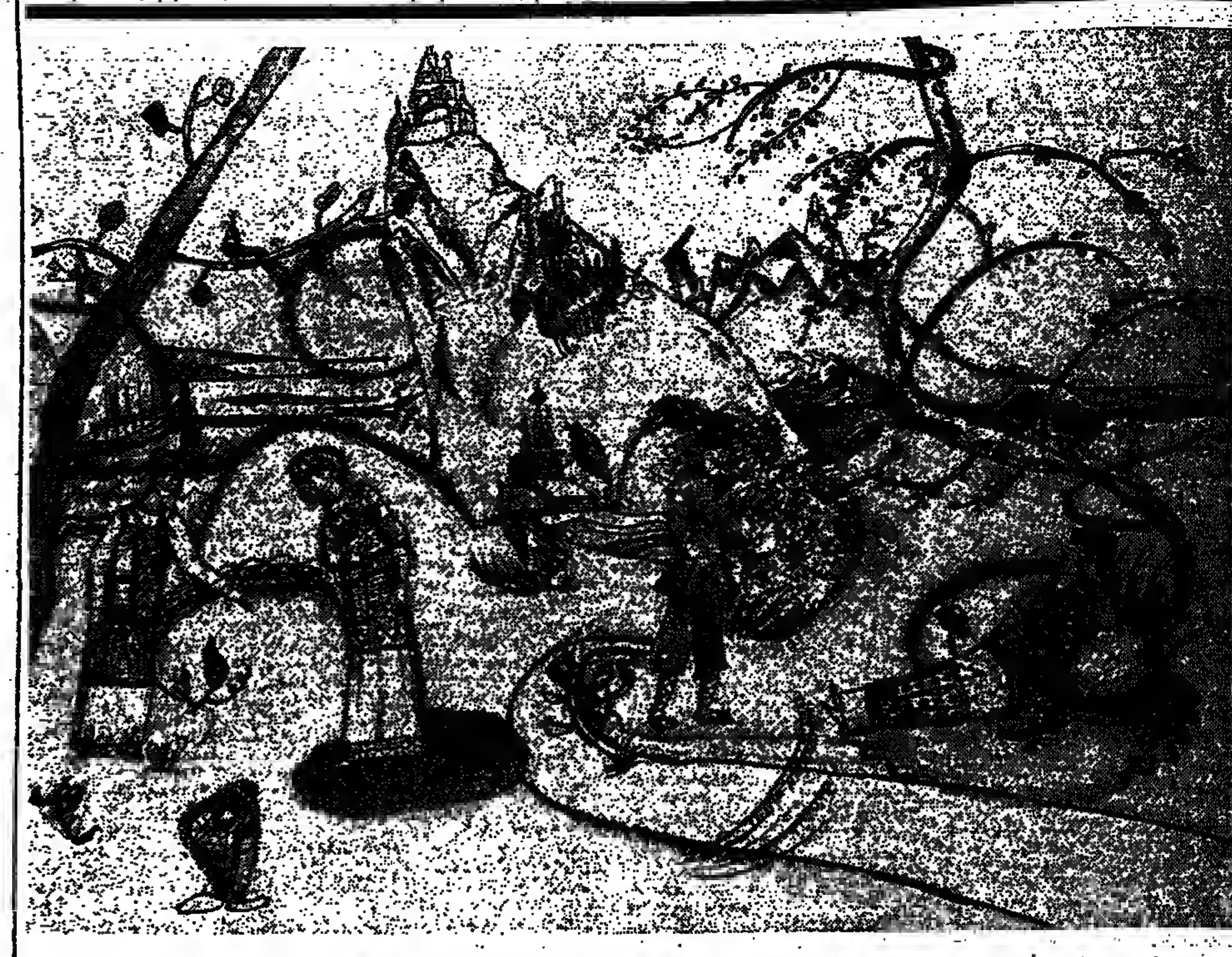
New building sites are still costing about a third more than a year ago, and in some areas, such as the big cities, property and sites available cannot meet demand.

Rents for what new flats are aavilable in major cities are 10 per cent higher than a year ago. In Berlin, Hamburg, Munich, Cologne, Dusseldorf and Frankfurt, new houses and flats in prime areas are attracting rents of DM 12 to DM 15 a square metre.

New commercial property developments are also needed in several West German cities if the expected growth in demand is to be met. But the balance between supply and demand is very fine, and can easily be disturbed.

New investors will need to confirm that in their chosen sector short-term shortages would not change quickly into a position of over-supply. With that caution granted, however, West Germany still offers an enviable degree of economic stability which could pay large dividends in the long term.

Kevin Done



L'Oiseau de Feu by Wassily Kandinsky. Classical modern art is second only to 19th-century paintings in popularity

Collecting 'the beautiful and the useful' carries risks

EVERY WEEKEND, Handelsblatt, West Germany's leading economic daily newspaper, devotes two pages to the latest developments in the arts market.

Die Welt, ooe of the big national papers, also reports oo art auctions, arts fairs and spectacular sales of works of art oo Saturday.

And Welt Am Sonntag, the natioo's only major Sunday paper, gives tips on investmeots in art, antiques and the like.

This is a clear lodicatioo of the German's joterest io ooe of the strangest of all markets, the arts market.

Here, art—which bas to do with immaterial values—and commerce — something very material—frivolously combine to lure a third, the collector. The laws of supply and demand apply to this market only to a degree.

For something siogular, something hitberto unknown, demand cannot really exist. Supply, rather one-sidedly, dominates the market. Sometimes curiosity, a substitute for demand, bas to be aroused, often through tricks and scandals, for boyers to come forward.

There are eveo fewer criteria for the commercial value of a work of art than for its artistic value. Time and material invested to produce it do not belp with the price calculation of such goods. Appreciation, not assessment of valne, decide the price of works of art.

This is wby they do not guarantee risk-free increases in value. A collector may speak of his paintings as "sbares on the wall." Bnt a new artistic fad, an economic depression nr political cbanges accompanied by cuts in the State's Arts budget may lead to a completely cbanged market and price scale even for "eternal" works.

Inflation

Yet Germans appear to believe in the combination of "the beautiful and the useful," as Gunther Abels, bead of the Rhenish Arts Dealers' Federation, described arts investments.

Total German turnover of works of art, antiques and old oriental rugs in 1976, the latest official figure available, was to DM 407m (£98.369m) but rising rates of inflation have accelerated investors' flight lnto material assets.

A Frankfurt antique market dealer recently guessed that present annual turnover is as much as DM 8bn, around DM 1.2bn seems more realistic to Mr. Abels, wbo based this on the basis of a 100 per cent price rise and a 20 per cent increase in customers over four years.

Results of West Germany's biggest arts fair in Duesseldorf last March—considered to be the trend setter for the season—have confirmed a buoyant market with easy sales to a widening clientele at steadily rising prices. It is, bowever, not comparable to the U.S., where record prices of up to $100,000 (£43,000) were paid at recent auctions.

The majority of the 173 gallery owners from all over West Germany wbo exhlbited at Duesseldorf spoke of an overwbelming success.

After German and French 19th century paintings, especially landscapes—the market leader since 1977 with a 58 per cent share of the market last year—classical modern art was the most sought after. A Gouache by Fraoz Marc was sold for a surprisingly high DM 440,000 (£108,344), and a Nolde painting realised more than DM 350,000. A Kandiosky, a Jawensky, a Rohlfs, a Nay water-colour, three Kaethe Kollwitz sculptures and a Schmidt-Rottluffs were all snapped up during the early days of the fair.

Water-colours by Ednard Bargheer, from around 1947 and 1970, were a big success, attractiog between DM 3,000 and DM 4,500. Graphics and drawings by Max Ernst, Picasso, Miro, as well as works by the Duesseldorf Group of Zero aod even mirror objects by Bonato and Mergert found an avid, knowledgeable public.

The bulk of turnover coosisted of pieces ranging between DM 5,000 aod DM 50,000. A Dortmund gallery-owner summed up the fair as "a real feast." He said: "The dealers are all happy. Many people are afraid of future cost explosions and buy oow. If yon can offer them qnality art, it is as good as sold."

Demand for quality, for the works of establisbed, prominent artists, characterised trading. This demand, wbich reflects customers' investment thinking, became noticeable last year wheo sales starte dto pick np after a five-year lull.

Even trade in Old Masters, which bas beeo difficult in Germany for 40 years profited from this pbenomenon. Chiefly high quality 17th century paintings by Dutch Masters Hendrick Schock, Andriaen Van Der Werff, Claes Molenar and J. Ph. Hackert sold well. Prices for Old Masters have gone up by an average 10 to 15 per cent since 1979.

However, dealers complained that they were offered little for purchase, probably because these pictures yield twice as much in Londoo because of Britaio's high rate of inflation.

A lot of money was spent on aotique furniture, although only quality items bad a cbance of being bonght. Over-priced run-of-the-mill pieces were shunned.

Dealers agreed that the pnblic bad become more critical and better informed in recent years. Favourites were German and French baroque furniture, whicb cost about 30 per cent more than a year ago. This signalled the end of a two-year stagnation in the antique furniture market.

Dealers specialising ln Asiatica and old Oriental rugs were disappointed at Duesseldor, one said: "There are no collectors in Germany. If ooe wants to trade one bas to go to London, New York or Hong Kong."

Cheap imports

The antique carpet business labours under the inflow into West Germany of relatively cbeap modern Oriental rugs, DM 2.4bn wortb of which were sold there in 1979 alone.

The 1979 auction results prove that investors readily bought good quolity at between DM 8,000 and DM 30,000. The silk tabris, bowever, wbicb was offered at DM 525,000 at Munich's antique falr last October, is not likely to find a buyer every day.

Precious China, glassware and aotique silverware did only moderately well. Prices in these sectors are spiralling, which has led to an ever-tighter market. Not only waa there little demand, dealers noted, but contrary to previous year, they were offered little to buy. "One cannot help but feel that good pieces are becomlog extremely rare," one disgruntled collector said.

The biggest problem of the German art scene, bowever, is trade with unknown avant garde art. Only a few experienced younger art-lovers buy, as yet, unglamourous names which may or may not become a success.

Of around 1,200 contemporary artists represented by the Federatioo of German Gallery Owners, only 10 per cent are attractiv enough as money-makers to be bandled by big dealers. Yet the small gallery owner rarely has the funds to opeo a stand at an arts fair whicb would make bis proteges known.

Thus investment in the arts—German style—makes the rich among artists and gallery-owners richer and tbe poor poorer.

Duesseldorf's fair has again proved this fact. The other great German arts centres which also hold fairs regularly—Cologne, Hanover and Munich—have likewise sbown in the past bow difficult the trade with young, unknown art is.

Of these centres Munich is possibly still the best market for avant garde art—with its opeo, rather unconservative, pnblic which welcomes the unusual and has often paved the way for artistic newcomers, especially from Eastern Europe.

Elgin Schroeder

THE ARTS

Lord Snow by ANTHONY CURTIS

C. P. Snow, who died on Tuesday aged 74, was for the past ten years chief book-reviewer for this newspaper.

It is difficult to think of the FT Books Page without his perceptive well-informed appraisal of the main book of the week.

Snow possessed an enormous range — books by and about the Bloomsbury Group were his one blind spot — and was an omnivorous and astonishingly rapid reader. Over a whole decade his reviews appeared with unfailing punctuality; even when he visited America or was on holiday he would ensure that we had sufficient reviews in hand to use in his absence.

No literary editor ever had a more co-operative colleague to work with. He never appeared in the office. Parcels of books selected by me would be delivered to his home and within a few days a telephone conversation would follow in which their respective merits or lack of merit would be described by Snow, who appeared to have read them already from cover to cover. A programme of reviews for the next few weeks would then be drawn up.

Rarely would he jib at reviewing a book which I, for some reason of topicality or newsworthiness, wished him to review.

But after some mild pressure often he would agree in the end to do it. Some of his most brilliant reviews would come from this initial stance of reluctance.

He had when younger done a stint as a regular fiction-reviewer for one of the Sundays while working as a Civil Service Commissioner, but had not been until I approached him in 1970 a regular weekly reviewer. The moment proved to be propitious. His main creative contribution to literature, *The Strangers and Brothers* series in which his own early life in Leicester and at Cambridge before the Second World War is mirrored in the career of his narrator Lewis Eliot, was completed. And his period in Government working as Under-Secretary to Frank Cousins at the newly-formed Ministry of Technology was also completed. There were still distant rumblings in the air over his battle with F. R. Leavis prompted by his Rede Lectures *The Two Cultures and the Scientific Revolution*, but these were dying down and he was ready for a new adventure.

After the first few reviews had appeared it became clear that he was a weekly critic in the great tradition of Edmund Gosse and Harold Nicolson whom to read regularly was an education in itself.

Alongside the reviewing the creative work continued, novels such as *The Malcontents* and the most recent *A Coat of Varnish*, show him attempting to come to terms with a society about which he was in the last analysis deeply pessimistic.

To the end however whether lecturing to a distinguished scientific audience in some academic setting or among his eclectic circle of friends, which included policemen and film-producers as well as dons and writers, he remained a great builder of confidence, not through flattery or complacent admiration, but through the penetrating discernment and integrity which characterised the whole of his life.

Open Air Theatre, Regent's Park

A Midsummer Night's Dream

by MICHAEL COVENEY

Tuesday night was one of the coldest ever recorded for July, and the odd spot of rain contributed to the sense of witnessing a midsummer night's wet dream. As usual in the park, however, Celia Bannerman's production ignores the erotic element in the comedy and concentrates on the traditional representations of Byronic lovers, fairies with hairy legs and pointed ears, and the jovial rough-and-tumble among hard-handed mechanicals.

All three spheres are intelligently served and Miss Bannerman's clearly stressed exposition ensures that the evening drives towards the nuptial celebrations in the shadow of a great house, the architecture evocatively lit through the impressively shimmering greenery.

Such comparatively subtle touches as Flute's bad breath, Lysander's myopia (Puck has to remove his spectacles in order to administer the charm) and Hippolyta's exotically stilted delivery, reminiscent of Arianna Stassinopoulos, work well. Jeff Shankley's Puck is a cackling satyr in the traditional vein, given to acrobatic dives over the greensward and anxious to impress Oberon.

The fairy kind himself is given a low-key reading by John Nolan that is largely a failure, although his inadvertent greeting of a delayed customer after the interval as his "mad spirit" raised the evening's biggest laugh.

Douglas Heard's Demetrius is a languidly underpowered interpretation; the other lovers find much more animation and variety, especially Jane Booker's delightful Helena, a willowy blonde whose prim Cheltenham Ladies' College demeanour, full of calculated spite and smug pride in her own rhetoric, contrasts well with Aviva Goldkorn's spitfire Hermia. The big quarrel scene has not yet quite hit its stride, but some small sadistic pleasure may be had at seeing these nincompoops condemned, literally, to lie on "the dank and dirty ground."

The mechanicals' efforts to entertain the nobility are carefully charted, with Ian Lindsay as Quince puzzling with touching deliberation over how best to solve the problems of staging "Pyramus and Thisbe." That interlude, which never fails, is gloriously performed, thanks mainly to Bernard Bresslaw's combination of fawning ingratiation and rude inspiration as Bottom/Pyramus and the phlegmatic stoicism of James Cairncross as Starveling/Moon.

Mr. Bresslaw, about two feet taller than anyone else on stage, leads the line like an old-fashioned centre-forward, bellowing a phrase from *Figaro* on each arrival and fully deserving his status as star turn. The ass's head, though, is a disappointment, a cuddly inexpressive accessory that muffles the bizarre comedy of the bower scenes.

Wigmore Hall

Haydn Festival by DAVID MURRAY

Until Thursday next, every night is Haydn night at the Wigmore—piano pieces, songs and varied chamber music, with at least two string quartets in each programme. (In tonight's concert, there are also four of the Baryton Trios that formed so large a part of Haydn's output in his first decade with the Esterhazys.) The festival began on Tuesday, with the Delmé Quartet and the pianist Craig Sheppard playing to an undeservedly small audience but promising a standard which should justify the festival admirably.

The Delmé offered a pretty account of the early D major Quartet from op. 17. It treats the first violin with lavish generosity, and Galina Solodchin's slightly disembodied timbre set her still further apart from her colleagues. They had far more to do in the C major Quartet, op. 74 number 1, and the ensemble playing was full of imaginative subtleties. A most delicately shaded Andantino was a lesson in disclosing the expressive power of Haydn's music without romanticising him. The lively pointing of the lower string parts was a continual pleasure.

Craig Sheppard began his sizeable contribution to the festival with the last of Haydn's sonatas, the great E-flat work. For a time I wondered whether his range of effects—from a misty super-pianissimo through a metal-edged forte—would not conceal the majestic construction under superfluous colour; certainly the elaborate finesse Sheppard applied to the ornaments of the Adagio made its unyielding tread unwontedly elastic. The extreme alertness and febrile concentration of the playing won through, however: this was a new-minted, even experimental reading that gripped one's attention honestly.

With the F major Sonata of 1773, Sheppard was more consistently faithful to the 18th-century scale, and all his attractive sophistication fell happily into place.

York Festival

The Power and the Glory

The reanimated York Festival has attained a triumphant apotheosis, having exceeded even the most sanguine expectations in box-office returns. The penultimate concert in the Minster, given by the Hallé Orchestra and the Huddersfield Choral Society under Pritchard, was splendidly but subtly attuned to success, for it presented two masterpieces that stemmed from and sustained the heyday of Britain's imperial power and glory, while at the same time undermining them elegiacally or satirically. Elgar's First Symphony, written in 1908 when he was at the height of his powers, received over a hundred performances, in various parts of the world, during its first year.

One can hear why. The magnificently *nobilmente* A flat major theme with which the work opens, allied with the extraordinary virtuosity of the compositional and orchestral technique, generates a confidence *that* people relished as an affirmation of a civilisation, as well as mere material might, which they had created and believed in. But what makes Elgar's symphony a great work, and one that has *enhanced* its stature, is that its grandeur is aware of mysterious dubieties beneath the façade: the *nobilmente* melody that opens the symphony proves to be ideality rather than reality, for it is precariously disturbed by the stresses and counterstresses of the main allegro, in the remote key of D minor, and is submitted to anti-development rather than development in that it is fragmented rhythmically, tonally, enharmonically.

The tune survives at the end of the movement, but dimly, in a haze of twilit fluttering: so that it seems inevitable that the two middle movements should present opposite poles of experience. The scherzo is phantasmagoric, sizzling in figuration that throws up minatory marches: Elgar's Edwardian world was shortly to reach physical dissolution in the first of the World Wars, and it is the prerogative of artists to be also prophets.

Against this the slow movement, the first theme of which is miraculously identical in pitch with the scherzo's gibbering, sings in aspiration of a haven beyond mundane might, blooming in lyrical arches, cadencing in dying falls. Since this symphony is as introvertedly subtle as it is extravertly rhetorical, it is extremely difficult to perform. The Hallé Orchestra plays Elgar as to the manner born, and Pritchard steered them through a performance invigorating and elevating in exactly due proportion.

Walton's *Belshazzar's Feast*, composed in 1931 for the Leeds Festival, makes a perfect foil to the Elgar symphony, for in it a North Country composer takes over the public manner of English oratorio, which had come to fruition with the rise of our mercantile prosperity. The rhythmic exuberance, the sonorous spacing, the physical excitation of the scoring have obvious affinities with Handel's choral style as adapted to our mammoth industrial technocracy. But animation has turned into animus, revealing Edwardian pomp and circumstance in the luridly cruel colours they betray when deprived of Elgar's inner light.

The Elgarian orchestra, and therefore the Elgarian symphony, were made possible only by modern technology; yet it's significant that this First Symphony, designed for the civic concert-hall that celebrates a materially-biased society, should sound at home in an ecclesiastical building: whereas Walton's oratorio proves, despite its biblical subject, irreligious in total effect. Any vestige of spirituality has become elegiac; the waters of Babylon episodes wait in Delian chromaticism for an innocence lost, being immaterial only in the sense that they yearn retrospectively for values alien to the current materialities celebrated in the tremendous chorus in praise of gold, silver, iron, stone and (in three senses) Brass.

After such homage to the props of industrial affluence it's hardly surprising that the music the Hebrews sing in triumph over their adversaries should be identical in character with that yelled by the idolatrous Babylonians — alleviated only by the beautiful episode wherein they contemplate, momentarily, their own mortality. Now they're top-dogs, the Christians will obviously behave in much the same way as the heathens: so in a sense *Belshazzar's Feast* carries to a savagely ironic but logical conclusion the satirical mode Walton had started from in *Façade*.

Orchestrally, everything may be rejoiced in because everything, nice or nasty, "sounds;" chorally, voices are inspired by the brilliant writing, whether to valedictory ululation or to corybantic fervour. This famous choir, exhorted by Pritchard's ebullience, sang raggedly but as though possessed, while the Hallé and the superb Black Dyke Mills Band revelled in their sonorous splendours. And although the music might have seemed still more brazenly assured in the roseate opulence of the Leeds Town Hall it was made for, the Minster's Gothic setting brought unexpected compensations: the reverberation was indeed awe-inspiring, and gave to the equivocation between material and spiritual might an additionally ironic twist no less piquant because Walton had not intended it.

WILFRID MELLERS

Leonard Burt

Michael Pennington and Carol Royle

Royal Shakespeare Theatre

Hamlet by B. A. YOUNG

"He was likely, had he been put on, to have proved most royal"—Fortinbras's judgment, too often neglected, is a touchstone by which Hamlet's character can be judged. It won't serve for Michael Pennington's Hamlet, however, for he never lets us see his true character, but conceals it beneath an "antic disposition" even before his fatal encounter with his father's spirit.

When we first see him, his mourning suggests a mockery; he is wearing what looks like a slept-in dinner-jacket. He is more untidy still after the meeting with Ophelia that she describes so closely to her father, but he is deliberately Bohemian, with a beret on the back of his head, an open shirt and waistcoat and something like overgrown Bermuda shorts; he has a quill behind his ear, an inkhorn slung before him, a pouch at his side. He has put all this away by the time he begins work with the players; now he is dressed in a long coloured smock. His personality changes with his dress; who the real Hamlet is, you can never tell.

"Most royal" he may have been before his father's death and his mother's remarriage, for he has clearly been brought up in the habit of command. Yet even Claudius, that much-maligned king, wouldn't have knocked Ophelia down as Hamlet does after the "nunnery" bit.

All this I attribute to the director, John Barton, as much as to Mr. Pennington, for there is an extract from the forthcoming New Penguin edition printed in the programme that draws attention to the constant theatrical references in the play. The production begins with an outrageous misjudgment when Barnado enters to the Elsinore battlements through a trap, as if suggesting that what we are about to see is a pantomime. Worse, the Ghost comes in the same way, even pausing halfway up the stairs when it sees Hamlet at the top. No one ever goes out by the trap, however, so there seems no practical reason why anyone should enter by this route.

Solid, sensible behaviour is left to the seniors, especially to Tony Church's Polonius, the most persuasive performance in this part I can bring to mind. He only once suggests the "great baby" of Hamlet's judgment, when he dons motley to announce the Players; mostly he is affectionate, courteous and even wise. Claudius and he would surely not have delayed so long when Hamlet struck Ophelia. Claudius might; Derek Godfrey keeps him coldly efficient, and he certainly doesn't lose his head when he recognises Hamlet's game with *The Murder of Gonzago*. He embraces Gertrude in open court, until Polonius begins to expostulate what majesty should be. Barbara Leigh-Hunt is not an embraceable Queen on the whole; she is consciously middle-aged, and her behaviour is often sharp and bad-tempered.

Ophelia is played very young by Carol Royle, carrying her lute around with her as if it were a transister radio. To emphasise her madness, she goes to the Players' prop-box, which has been left upstage, and adorns herself; like Hamlet, she is a great one for play-acting. In her short white shift, she is extremely sexy; but why did John Bowe's grumpy Laertes immediately think she was mad when he saw her singing her song (which she sings, sanely, in Act 1) to her own accompaniment?

Cheltenham Festival

Song of the Clouds

by MAX LOPPERT

Cheltenham (June 29-July 13) has already suffered setbacks this year, climate and programmatic (withdrawal of the BBC Symphony Orchestra from this Sunday's concert means cancellation of two premiers).

So it is agreeable to report the success of the opening days. The chamber music balance is right—Pauk, Imai, Kirshbaum and Frankl in residence this week with programmes of Mozart, Mendelssohn, and Rawsthorne (Monday's concert offered a notably energetic and forceful account of the Mendelssohn D minor Piano Trio); but then at Cheltenham, with the Pittville Pump-Room to add its pleasures even in wintry weather, it usually is.

Less predictable is the new work usually included in the opening orchestral concert. Anthony Payne's *Song of the Clouds* for oboe and small orchestra was the new work given in the concert by the Orchestra of St. John's Smith Square (I do wish the players would find themselves a name less elephantine).

Not all the audience thought it as beautiful as I did, to judge from the muted applause; but few, surely, could have denied therein a strong and wholly original combination of rigour, seriousness, and lyrical inspiration.

The composer tells us in his programme note that his title is intended to suggest thematic, textural, and also poetic qualities in the music. Clouds have often inspired compositions of slow pace and ruminative content (think of Liszt's *Nuages gris* or Debussy's *Nuages*, to name only two); so it should come as no surprise that *Song of the Clouds* moves slowly thorough its 22 or so minutes—the thematic and rhythmic patterning may subdivide and increase in surface activity, but the basic movement remains nearly constant in its *Lento calmo*. This provides a test of audience attention span, and also of Payne's ability to sustain and develop musical thought. The latter, at least, is impressively passed.

The opening pages, building upwards across the strings from the first double bass sigh, and punctuated by two horns (this, plus vibraphone and suspended cymbal, constitutes the full orchestra), indicate not so much the thematic as the harmonic range of the music—Act III of *Tristan* seems particularly to supply its colouring (a significant chain of thirds and tritone brought the words "Öd und leer das Meer" immediately to mind). To this the oboe adds curlicues and arabesques gradually spun out into longer lines. The two movements function to some extent as mirror images; the close winds down into stillness much as the opening had risen out of it.

What I admire about Payne's music, and what this new piece so eloquently demonstrates, is its characteristic note of romanticism simultaneously qualified and encouraged. The music is sternly made, its thematic counterpoint muscular and carefully argued, its sound range precisely restricted in a manner specific to (indeed, inseparable from) the argument—it is like Maxwell Davies' "Orkney" music in a treatment of instrumental colour at once puritan—plain and delicately fantastic. And like it, too, in the way images of nature so poetically burgeon, flourish, and mingle.

Sarah Francis, inspirer of an already large tally of scores with oboe solo, played with complete mastery a line not obviously virtuoso yet strenuously demanding; and if the orchestra under John Lubbock's direction appeared to be paying insufficient attention to dynamic contrasts, the acoustical soup of the town hall may as well have been the real cause.

Late night concert supports BBC orchestras campaign

To focus attention on and give support to the *Campaign To Keep The BBC Orchestras Alive*, the orchestra of the Royal Opera House is organising a late-night concert at Covent Garden on Friday, July 11, at 11.15 p.m.

All artists are donating their services, and proceeds will go to the Musicians' Union Hardship Fund.

Sir Colin Davis, the orchestra's principal conductor and music director of the Royal Opera, will conduct the concert, and soloists will include Jessye Norman, Jose Carreras, and Sir Geraint Evans.

Tickets are available from the Box Office of the Royal Opera House, Floral Street, London, WC2 (01-240 1200).

COMPANY NOTICES

Government of Southern Rhodesia

4½ PER CENT STOCK 1987/92

Standard Chartered Bank Limited and A. C. J. Richards Esq., CMG, state that an amount due to them in their capacity as Trustees of the Sinking Fund of the above-mentioned Stock, in respect of the annual Sinking Fund contribution has *not been received*. The terms of issue provide for an annual payment before the close of the financial year on the 30th June.

RAND SELECTION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF U.S. DOLLARS 6½ PER CENT CONVERTIBLE LOAN 1988

Bondholders are notified that copies of the Annual Report of Rand Selection Corporation Limited for the twelve months ended 31 March 1980 may be obtained from the office of:—
Anglo American Corporation of South Africa Limited,
40 Holborn Viaduct,
London EC1P 1AJ.

Registered Office:
44 Main Street,
Johannesburg 2001.

1 July, 1980.

Tasman Minerals N.L.

(in members voluntary liquidation)
(Australian Company)

IMPORTANT NOTICE TO SHAREHOLDERS

Loss of Share Register
Proposed Reconstruction

The Share Register of the above Company has been lost. The Company has been in members voluntary winding up and its shares ceased to have Stock Exchange listing as from early 1975.

At this stage, it is proposed that the Company may be reconstructed and its Stock Exchange listing may be revived.

In order to reconstruct the Share Register for this purpose, it is important that all shareholders immediately forward to the Company's Share Registrars, Salkeld Gregor and Turnbull, at the address shown below, the originals or photocopies of all their share certificates in the Company.

For further instructions contact:
Salkeld Gregor & Turnbull
80 South Creek Rd, P.O. Box 148
Auburn, 2144, NSW, Australia
Tel: Sydney (Area Code 02) 649-6018

Signed: R. L. Salkeld
Secretary/Liquidator

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DECCA LIMITED

6% UNSECURED LOAN STOCK 1980/85

NOTICE IS HEREBY GIVEN that the transfer books of the 6% Unsecured Loan Stock will be closed from the 17th to 30th July 1980, for the preparation of interest warrants payable on 31st July 1980.

By Order of the Board
W. L. SPALDING
Secretary

Decca House,
9, Albert Embankment,
London SE1 7SW.
2nd July 1980.

PUBLIC NOTICES

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION
PROPOSED ACQUISITION BY COMPAGNIE INTERNATIONALE EUROPCAR (SUBSIDIARY OF RENAULT) OF GODFREY DAVIS LTD.

On 12th June 1980, Mr. John Nott, Secretary for Trade, referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the Fair Trading Act 1973, the proposed acquisition by Compagnie Internationale Europcar (subsidiary of Renault) of Godfrey Davis Ltd. The Commission is required to make its report by 11th December 1980.

Any person or organisation wishing to give information or views on this proposed acquisition should write as soon as possible to:—

The Secretary
Monopolies and Mergers Commission
New Court
48 Carey Street
LONDON WC2A 2JT

BIRMINGHAM District Council

Floating Rate Stock 1983/85

for the six months from
3rd July, 1980
to 3rd January, 1981
the interest rate on the above stock
will be £16.5906% per annum.

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MALAYAN TIN DREDGING (M) BERHAD

(Incorporated in Malaysia)

Notice is hereby given that an extraordinary general meeting of the abovenamed company will be held at Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur, on Monday, 21st July, 1980, at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:—

RESOLUTIONS

1. That approval be and is hereby given to the making by the company of takeover offers under Section 179 of the Companies Act 1965 to each of the holders of fully paid shares in the capital of the following companies, namely, Southern Malayan Tin Dredging (M) Berhad, Southern Kinta Consolidated (M) Berhad, Kramat Tin Dredging Berhad, Lower Perak Tin Dredging Berhad and Bidor Malaya Tin Sendirian Berhad in accordance with the terms and conditions of the notices of takeover offer dated the 11th day of June, 1980 and the takeover offer document dated 3rd of July, 1980 (the "takeovers") as presented to this meeting and initialled by the Chairman for identification purposes and that the directors of the company be and are hereby authorised to carry the same into effect with full powers to assent to any modifications to the terms and conditions of the takeovers which they may deem expedient in the interests of the company.
2. That, immediately and contingent upon the foregoing resolution 1 being passed, the authorised capital of the company be increased to M$30,000,000 by the creation of 20,000,000 new shares of M$1.00 each and that the directors be and are hereby authorised to issue such shares in accordance with the terms of the takeovers in so far as the same shall be required to be issued for purposes of the takeovers.
3. That, immediately and contingent upon the foregoing resolutions 1 and 2 being passed, each of the existing issued and unissued shares of M$1.00 each in the capital of the company be sub-divided into ten (10) shares of ten (10) sen each and accordingly references to the authorised capital in the memorandum and articles of association of the company, wherever applicable, shall be amended to read "M$30,000,000 divided into 300,000,000 shares of ten (10) sen each."
4. That no fractional part of a share shall be allotted in accordance with the terms of the takeovers but that all new shares representing fractions shall be allotted to Y. M. Raja Badrol Ahmad or failing him Encik Abdul Rahim Aki as trustees upon the terms that they shall sell the same and account for the net proceeds to those members entitled thereto in the proportions in which they are so entitled, except that amounts of less than M$1.00 in respect of any holding will not be distributed.
5. That the directors of the company be and are hereby authorised to issue shares of the company for the time being unissued and not allotted subsequent to the takeovers referred to in the foregoing resolutions 1 and 2 as they may deem expedient in the interests of the company without being under any obligation to offer the same to shareholders in accordance with article 5(VI) of the articles of association of the company provided that such issues in any one financial year shall not in the aggregate exceed ten (10%) per centum of the then issued capital of the company

By Order of the Board
ZULKIFLI TALIB
Secretary

Kuala Lumpur
3rd July 1980

Notes:—A member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. To be effective, the instrument appointing a proxy must be completed in accordance with the instructions printed thereon and to be valid the proxy must reach the Malaysian Registrars at Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur 04-06, Malaysia or the United Kingdom Registrars, Charter House, Park Street, Ashford, Kent TN24 8EQ, not less than 48 hours before the meeting.

SIMMER AND JACK MINES LTD.

In the Directors' Report for the year ended 31st December 1979 it was stated that discussions were continuing with certain interested parties for the exploration and possible exploitation of the Reefs underlying the mining lease claims of the Group and that shareholders would be advised of any significant developments.

The directors of Simmer and Jack now announce that an agreement has been entered into with Anglo American Prospecting Services (Pty) Ltd (AAPS) in terms of which AAPS will conduct a prospecting and exploration programme and undertake a feasibility study in respect of the property of Simmer and Jack and its subsidiary Simmer Extensions Ltd (formerly Rose Deep Ltd) with a view to exploiting the underlying reefs and surface material for their gold content.

The prospecting programme and feasibility study will be in respect of the Kimberley Reefs and surface material and will include a feasibility study for the erection of a plant to treat 150,000 tons of combined material per month.

If it is decided to proceed with the exploitation of the Kimberley Reefs and surface material AAPS or its nominee will in due course conduct an additional prospecting and exploration programme in respect of the Main Reef, Main Reef Leader and other reefs underlying the lease areas of Simmer and Jack and Simmer Extensions.

In the event of a new mine being established the capital costs thereof will be financed by the Anglo American Group. Simmer and Jack will receive income in the form of a royalty.

A further announcement will be made after 31st August 1980 by which date AAPS will notify Simmer and Jack of its decision to proceed with the establishment of a new mine.

P. R. GAIN, Chairman.

23rd June, 1980.

ANNOUNCEMENTS

MR. COLIN JOHNSON has been appointed a director of Dewhurst and Partner Ltd. He will take up the post of group managing director on September 29.

GENERAL MINING UNION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

CHANGE OF NAME OF
GENERAL MINING AND FINANCE CORPORATION LIMITED

Members were advised by means of a notice dated 9th June, 1980, of the intention of General Mining and Finance Corporation Limited to change its name to General Mining Union Corporation Limited by means of a special resolution to be passed at a general meeting to be held on 2nd July, 1980.

This special resolution was duly passed and has been registered by the Registrar of Companies.

Application has been made to the committee of The Johannesburg Stock Exchange and to the council of The Stock Exchange, London to reflect the listing of the shares under the new name of General Mining Union Corporation Limited, with the abbreviation thereof as GENCOR as from Wednesday, 9th July, 1980.

The existing share certificates, which are not being recalled for endorsement, will remain good delivery in respect of all share transactions.

Members who so require may, nevertheless, lodge their certificates with the transfer secretaries who will issue replacement certificates bearing the new name of the company, free of charge. Such certificates will in future be automatically issued when existing certificates are lodged for registration of transfer of shares.

By order of the board
General Mining Union Corporation Limited

London Transfer Secretaries:
Hill Samuel Registrars Limited
6 Greencoat Place,
London SW1P 1PL
3rd July, 1980.

L. J. Baines
London Secretary
Princes House,
95 Gresham Street,
London EC2V 7EN

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871, 883897

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Thursday July 3 1980

An ingenious document

THERE IS a saying attributed to Mr. William Whitelaw, the deputy Prime Minister and a man of some experience in these matters, that each British Government has only one chance to do something about Northern Ireland. If the first major initiative fails, the life-time of a government is too short effectively to try something else.

The present government is proceeding by stages, though so far they are all of a piece. First there was the working paper on possible new constitutional arrangements last November. Then there was the conference of the political parties in Northern Ireland in the spring. Now there is yesterday's White Paper subtitled "Proposals for further discussion."

Dead-line

It is plain, however, that the Government does have a dead-line of some sort in mind. The aim is to be able to achieve sufficient agreement between the parties for it to put forward specific proposals for legislation in the next session of Parliament. That means that the Government will have to decide whether agreement is possible by the Queen's Speech in the autumn.

The White Paper is an ingenious document which at least has not been rejected out of hand either by the Rev. Ian Paisley of the Democratic Unionist Party or by Mr. John Hume, the leader of the Catholic Social and Democratic Labour Party, though clearly all parties will need time to study it before giving more considered reactions. It proposes a single province-wide Assembly consisting of about 80 members elected by the single transferable vote system of proportional represenation. Its responsibilities would be similar to those devolved in 1973 and would include agriculture, commerce, education, employment, housing, health and social services. It would play some role in deciding how public funds available to Northern Ireland would be spent, but the precise relationship between the Assembly and the Secretary of State over expenditure is up for discussion.

There is nothing very controversial about that. The real question is whether such an Assembly could be made to work given the divisions between the Northern Ireland communities. How, in short, do you combine the majority government demanded by Mr. Paisley with the credible safeguards for the minority rightly demanded by the SDLP? And how do you reconcile that with the so called Irish dimension sought not only by the SDLP but also by Mr. Charles Haughey, the Irish Prime Minister?

The White Paper suggests two possible ways of ensuring minority safeguards. The first, and less favoured, is to require that any party winning a certain proportion of the popular vote should be represented in the executive. That looks like a recipe for deadlock and in any case smacks of the power-sharing rejected by Mr. Paisley and abandoned in the past.

The more promising possibility would be to balance the power of the executive against the power of another institution within the Assembly. This could consist of the chairmen and deputy chairmen of the Assembly's committees who would themselves be chosen on a basis of parity between the parties represented. The body would be known as the Council of the Assembly and could have powers to delay, refer back or even to block proposed legislation, subject perhaps to a final decision by the Secretary of State. Again, the precise working of the system is up for discussion. It is a possibility which the Catholic community should not lightly turn down and amounts, in effect, to power-sharing in another guise.

Rational

The White Paper approaches the Irish dimension by pointing out that the only principle under which any progress can be made is that of consent. If new arrangements can be introduced for the government of Northern Ireland which have the support of both Protestants and Catholics, then not only will the two communities benefit, but also Britain and the Irish Republic. Increased co-operation would then follow almost automatically. Yet if the new arrangements fail, everybody will be back to square one—or worse.

All in all, these are flexible and rational proposals. Their success will depend on a flexible and rational response.

Soldiering on in Turkey

THE WEST needs stable government in Turkey but Turkey is having trouble providing it. Yesterday Mr. Suleyman Demirel survived a motion of no-confidence, thereby removing, at least temporarily, one element of uncertainty about the future of his minority government.

Yet the political balance remains frail. Over 100 parliamentary ballots have failed to provide the country with a new President, causing all legislation to be blocked. And the political violence and killing continue, as was underlined yesterday when the northern Turkish town of Corum had again to be put under curfew.

Western credit

All this makes Turkey an awkward ally, yet, like it or not, the West is deeply involved. Western banks and governments have lent Turkey $16bn. The International Monetary Fund has just agreed to make available the largest credit it has ever given to a Third World country—a three-year stand-by agreement for $1.6bn. The EEC, which on Tuesday agreed on a package to revive Turkey's Treaty of Association with the Nine, faces the prospect of the country applying before the end of the year for full membership. In addition, NATO is only too aware of Turkey's strategic importance folowing events in Iran and Afghanistan.

But there are good reasons why the NATO Foreign Ministers who visited Ankara for their spring meeting last week came away disturbed. Mr. Demirel had invited them to his capital to underline his Government's commitment to the West. He believed that all the talk by his predecessor, Mr. Bulent Ecevit, of a "new defence concept" (whose concept even today remains unclear) and of a multilateral foreign policy had caused the West to have doubts about whether Turkey was shifting towards neutrality.

In practice such doubts were limited and the much more serious worries were, as they are now, about whether Turkey can hold together. Put baldly, the omens seem poor. Anatolia is riven by unprecedented clashes between the Sunnis and Alevis, as the two main Islamic sects are known in Turkey. There are fears about whether the Kurdish unrest in Iran can be prevented from spilling over. Inflation has been at levels of over 80 per cent: unemployment affects about one-fifth of the labour force.

At the moment Western governments have a particular interest in the survival of Mr. Demirel. Members of the Organisation for Economic Co-operation and Development have just advanced Turkey a further $1.2bn of credits and next Tuesday they are to meet in Paris to resume talks on rolling over debts falling due in the next three years and totalling nearly $3bn. They are doing so largely because Mr. Demirel and Mr. Turgut Ozal, his chief economic adviser, are seeking completely to recast the Turkish economy in the way that the West has long urged.

Since January measures have been announced opening the country to foreign investment and trade, introducing the full mechanism of market forces and freeing bank interest rates. These represent the most radical shift in Turkish economic philosophy for decades.

But there is another side to the coin. Mr. Demirel is increasingly relying on the militant right-wing Nationalist Action Party. The aims and methods of this party are more reminiscent of pre-war Germany than of post-war Europe. Its influence is spreading—as are the accusations of its followers' involvement in the violence.

This disturbing development and concern at the mounting evidence of widespread torture contributed to Mr. Ecevit's decision to seek a vote of no confidence yesterday.

Coalition

He had thought that he could win the support of the pro-Islamic National Salvation Party of the flamboyant Mr. Necmettin Erbakan. The latter has been criticising the pro-Western policies of the present government, but reportedly said it would only vote with Mr. Ecevit if he agreed to a coalition under Mr. Erbakan.

Mr. Demirel thus continues marching down the difficult economic road that the West has signposted. He deserves support for this, but the West also needs to remember that he has unfortunate allies. Yet for the moment there seems no parliamentary alternative.

Whitehall's resolute secrecy about Trident missiles

BY IAN DAVIDSON

THE MOST interesting thing about the defence debate which has been gaining momentum since the turn of the year is that the Government has remained, for all practical purposes, sternly silent. To date it has said just three things: it intends to buy a new strategic nuclear system to replace the Polaris submarine-launched missiles early in the 1990s; the new system will cost between £4bn and £5bn, spread over about 15 years but amounting to no more than 5 per cent of the defence budget; and a decision on which system will be taken soon (probably in the next few weeks). That is all.

Meanwhile, the rest of us are left talking loudly among ourselves. There has been a stimulating debate on the usefulness or otherwise of the British nuclear deterrent in the correspondence columns of The Times, conducted mainly by retired Field Marshals, Air Marshals and diplomats. Unilateralism has once more become a live issue in the Labour Party, and the Campaign for Nuclear Disarmament has attracted more publicity and more members than at any time since the Aldermaston Marches of blessed memory. Members of Parliament worry out loud about the cost of a new system and what it might do to Britain's conventional defences, and complain ever more insistently at the Government's refusal to provide any meaningful information.

But the Government continued to remain silent. Everyone assumes that, since it pretends to know what the new system will cost, it must have decided long ago to go for the American Trident submarine-launched missile system, but so far as I know Mr. Francis Pym, the Defence Secretary, has not allowed the word "Trident" to pass his lips. Nor has it given any explanation which would satisfy a child of why it wants any particular new system or what use it will be. The debate, in short, has been Hamlet without the Prince—though to be fair Mr. Pym is probably better suited to play Polonius than the great soliloquist.

The debate, in short, has been Hamlet without the Prince

Nor does the Government intend to submit to any debate in public about the policy options or the practical choices. It has been asked by MPs to publish a Green Paper as the basis for such a debate; instead it intends to publish a White Paper *after* the decision has been taken, and no doubt as close to the summer recess of Parliament as is consistent with minimal decency.

It will be very interesting to see whether this will be enough to suppress real debate in the House. Some MPs are quite content to have been told nothing. Sir John Langford-Holt, chairman of the Select Committee on Defence, thinks it quite proper that his committee has been given no information on the Polaris successor, on the ground that the committee was appointed only six months ago, but he worries about what else may have to be cut out to fit Trident in.

At first sight it may seem surprising that any MP can summon the energy to protest against the secrecy. After all, it has long been known that it is easier to get information on British defence matters in Washington, or even in Bonn, than in London, and the paranoia of the Ministry of Defence is almost as proverbial as that of the Home Office.

I suppose part of the explanation lies in the revelation, by Mr. Pym six months ago, that successive governments, both Conservative and Labour, had carried out improvements to the Polaris warheads at the cost of a cool £1bn, without telling anyone. I do not know at what point secrecy becomes deceit, but when extra costs of this kind are simply concealed by government, it becomes extremely difficult to believe a word that is said on the expected costs of any future system.

The out-turn is always higher than anyone pretended at first

This is difficult enough with any military system, since the out-turn is always a good deal higher than anyone pretended at first; 10 years ago, the Sting-ray torpedo project was expected to incur development costs of £82m, but the total so far is more than £920m and the hammer still hasn't hit the gong. The way technological development is going, who is to say that the Trident won't need "improvements" somewhere along the way? Should we suppose that the government of the day will tell us beforehand and ask for the money, or will it be quietly deducted from the conventional side of Britain's defence?

The trouble with the cost/secrecy issue is that even the minimal information which has been released by the Government inspires little confidence. We are told that the new system will cost between £4bn and £5bn over 15 years. If indeed it is Trident that we are talking about, even the higher figure may be too low: Col. Jonathan Alford, deputy director of the International Institute for Strategic Studies, thinks it should probably be nearer £6bn for a five-submarine force. Whatever the figure, it cannot be spread over 15 years if the Tridents are to be operational in the early 1990s: if the target date is 1993, the maximum number of years is 12.

If £6bn were spread exactly evenly over 12 years, that would work out at £500m a year. In practice, of course, it would be uneven, probably rising to a peak in the late 1980s—say, £750m-£800m. But either way it is almost impossible to see how Trident can creep under the 5 per cent ceiling promised by Mr. Pym.

If the £6bn is spent exactly evenly over the 12 years, at £500m a year, starting next year, that would represent over 6 per cent of next year's defence budget as laid out in the Government's Expenditure Plans 1980-83, and it would only fall below 5 per cent towards the end of the 1980s if the defence budget were to rise by 3 per cent in real terms in every successive year until then, by which time it would reach about £10.5bn in present-day prices. If on the other hand the costs of Trident start low and rise to a peak year of £750m, the 5 per cent ceiling must be broken unless the defence budget rises in real terms by about 7 per cent a year until the end of the decade.

We can probably exclude the possibility of a real 7 per cent growth in the defence budget, year after year, for the rest of the 1980s. How realistic is it to suppose that there could be a steady 3 per cent increase every year at least until Trident has been paid for?

It almost certainly means a big increase in the defence/GDP ratio, since there is little reason to imagine that GDP would grow at an average 3 per cent a year. This year there will be a fall of about 3 per cent, followed by another 1 per cent next year; if the economy were to chalk up an average growth of 2 per cent a year thereafter, then by the end of the decade a defence budget of £10.5bn would represent something like 5.7 per cent of GDP, compared with 4.9 per cent now.

The top spenders in the West, the Americans, only spend 5.2 per cent of their GDP on defence, though perhaps that would change if Ronald Reagan were elected in November; France, by contrast only spends 4 per cent of GDP, and West Germany 3.3 per cent. Even if the British economy were to grow by 3 per cent a year from 1982 onwards, the defence/GDP ratio would still rise to about 5.4 per cent.

Given the underlying intractability of our economic problems, it would seem to require heroic assumptions to suppose that the defence budget really will rise by 3 per cent in real terms year after year, even if Mrs. Thatcher is re-elected for a second term. But even if she is, and it does, the new missile system can probably not stay under the 5 per cent ceiling if it costs much more than £4bn. If the defence budget rises by less than 3 per cent a year, even £4bn may be too much.

This would suggest either that the Government must buy fewer Trident submarines — four, say, instead of five — or that it must go for a different, cheaper system altogether. Some people think we should get cruise missiles instead; they might have the advantage of dual capability, for strategic, as well as "theatre" targeting on enemy ground forces in Europe. But the number of missiles and of launch platforms (ships, submarines or aircraft) which would be needed for strategic credibility, might not be compatible with overall cheapness.

A Trident missile starting its journey

Considering the insouciance with which the Government now accepts that it may have to increase its subsidy to the British Steel Corporation by hundreds of millions of pounds, it may seem tiresome to quibble about the odd billion for a shiny new missile system. But in the end, there has to be a trade-off between Britain's strategic deterrent and its war-fighting capability, and for that reason the Government must make clear why it wants the Trident.

I am not suggesting that there is any simple formula which is both clear and convincing: on the contrary, the rationale of the British nuclear deterrent has for some years been rather foggy, and the eminence of the controversialists in The Times is testimony to the thickness of the fog.

The voluntary and unilateral renunciation by Britain of the nuclear deterrent would not by itself solve anything, and might, in the aftermath of the Afghan crisis, give rise to unfortunate political interpretation both in the West and in the East.

In the days when the U.S. had a clear strategic superiority over the Soviet Union, its missiles could be thought of as protecting Western Europe from a conventional attack, and in those circumstances the British deterrent could be thought of as a useful adjunct to the much larger U.S. forces.

Since the emergence of parity between the super-powers, and the shift of U.S. nuclear strategy from massive retaliation to flexible response, there has been increasing awareness of the fact that the U.S. almost certainly would not use its strategic forces if Western Europe was attacked, and indeed President Carter has said as much.

British governments have continued to think these two impossible thoughts before breakfast

In these circumstances, the credibility of the British strategic force depends on the assumption that it just might be used on its own, not in conjunction with the Americans. Lord Carver, former chief of the Defence Staff, believes this hypothesis to be absurd; others would argue that *any* risk of a British nuclear attack, however small, might be enough to deter the Russians. Deter them from what, and how? You may well ask.

The heart of the dilemma facing a European nuclear power is vividly demonstrated by the defence debate now under way in France, between the Gaullists and their Giscardian partners in the Government coalition. The Gaullists believe passionately in French national independence, massive retaliation, and the defence of French territory.

In the old days, independence came cheap, since the General knew that on the big night the French deterrent would not be used alone. Today the French force looks a bit small to threaten the Russians with, and the Gaullists are calling for an expansion of the submarine missile fleet from 5 to 20 boats by AD 2010. The Giscardians, on the other hand, have moved towards a philosophy of flexible response, in the belief that the frontier of French safety lies on the Elbe rather than on the Rhine. But even the Gaullists do not expect to raise defence spending to more than 5 per cent of the national product, and then only in 20 rather than 10 years.

The one intellectual problem the French do not have is a pretence that their strategic nuclear forces are both national forces and NATO forces simultaneously, since France left the military side of the alliance 14 years ago. British governments have continued to think these two impossible thoughts before breakfast for years, but with the development of the theatre and tactical nuclear weapons, it might be simpler to admit that the British strategic force is in fact a national force.

One of the arguments for buying the Trident rather than a more primitive system is not just that it is bigger and better than the Polaris system, but that it would be in most respects the same as the American Trident force. Certainly, it would be easier for the Russians to distinguish in flight a British Polaris missile from a much longer-range American Trident. A British-owned Trident system might thus have a chance of triggering the American nuclear arsenal. But whether that chance would be worth £6bn seems dubious.

But the argument that is apparently still going on between Defence and Treasury is no doubt not about these arcane refinements of marginal probabilities, but about money. It will be very interesting to see whether the Government's decision on a successor to Polaris will be accompanied by any of the information, either on strategy or on cost, which was so conspicuously—some would say scandalously—absent both from the nuclear weapons debate in January and the Defence White Paper in April.

MEN AND MATTERS

Home thoughts from chip valley

Wilf Corrigan, the Liverpudlian who moved west to California's silicon valley to head Fairchild, is back in London this week after quitting the chair of the American company late last year. An example to small savers everywhere, he comes with $3m in his wallet, which together with contributions from undisclosed European and American partners will bankroll a venture capital business to provide seed money for and channel institutional money into British and U.S. high-technology companies.

Corrigan is unmoved by this week's announcement of the scrapping of the GEC-Fairchild joint microchip venture, and undaunted by the depressed state of the British economy. "Because everything is looking so negative," he tells me with delightfully dotty logic, "this is probably a good time to start up a new business."

Corrigan, like many of his adopted compatriots, shares Mrs. Thatcher's political enthusiasms. "The UK is the best country in Europe for venture capital," he argues, "because the Government is in favour of encouraging entrepreneurial small businesses." What looks clear enough from California may be a little hazier to those within these shores, and "Atlantis," as the new company is tentatively called, has yet to make any investments. But an early target area will be buying up European marketing right to U.S.-made electronics hardware, which will then be mated with British software.

Fish and facts

There was smoked trout and poached peaches. Pleasant enough. But I missed the old Cornfeld panache — the bath-robe, slippers and gambolling maidens — as Global Natural Resources, the sole surviving offshoot of Bernie's failed IOS mutual fund empire, celebrated its Stock Exchange listing yesterday. Too late by years, I found my curiosity rewarded with only cold fish and a numbing litany of statistics on Global's delvings for oil and gas in the U.S. and Canada from Cornfeld's strictly conventional successors.

It appears, you see, that all those millions of "useless" acres in Canada's gelid north, with which the Fund of Funds found itself landed in the late 1960s, are on the verge of producing a reasonable return. Even so, many former FoF shareholders may still not realise that they are entitled to shares in Global: 21 per cent remain unclaimed. And then there are those who may be hanging back because of foreign exchange restrictions. Since our rules were changed last October, for example, claims from British holders have increased.

For the benefit of anyone still hesitating, I bring you the observations of Global chairman, Frank Bealty, who points out that a GNR share today, worth about $11, plus the $3.50-a-share distribution from the FoF liquidation, falls not far short of the 1970 FoF price of $18. And if you strip out the fraudulent valuation of FoF at the time, he tells me, hey presto, you have a profit.

Bear-faced

What with moles, Buzby and National Savings' Melvin Moneyspider, I should have thought we had quite enough livestock crawling around the corridors of commerce. But no: brace yourselves for an infestation of bears. Paddington Bear, formerly of Peru, has been signed up by the Cheltenham and Gloucester Building Society as a savings promoter.

In image and effigy, this furry little fellow has been taken on board by the C and G's catch-them-young brigade, who have a mind to divest some of the estimated £540m currently clinking around our progeny's pockets into ursine money boxes and Paddington pass-books.

Encouraging thrift in the young is, of course, wholly laudable. But however disarming the society's new totem, I feel obliged to point out that the most important criterion for any saver is to find the best and safest return. So a building society, where interest is paid net of tax, is arguably not the best bet for a non-taxpaying infant on 50p a week.

Unbeliever

A new flame has been lit in the twilight world of the Clegg Commission on pay comparability with the induction of Plessey personnel director Parry Rogers into its thinning ranks. Now that three of the commissioners have handed in their notice, and with indications from the Prime Minister that the end is in sight, the new man, not surprisingly, regards the job as "a short-term assignment."

Rogers tells me his views on the point at issue would have made his appointment an "unlikely" one under a Labour government. "I am not being put forward as a great believer in pay comparability, quite the reverse," he confesses. "Simply to say that the public sector must pay X because the private sector pays X is a lax view of economic reality."

Rogers was, however, slightly in the dark about the details of his job when I spoke to him. He had, he explained, not met Professor Clegg, and his letter of appointment had been lost in the post.

Double O returns

He has been locked up, frozen out, affronted and abused, but Odinga "Double O" Oginga, is a patient and durable man. After 10 years in the political wilderness the former vice-president of Kenya is set to make a come-back. At the (approximate) age of 69, he has won his long battle to regain life membership of the Kenya African National Union without which he has been unable to stand for Parliament.

The crusty old warrior, who made a stir on his first appearance as an MP decked out in skin apron, monkey tail cloak and beaded greaves, has made his peace with president Daniel Arap Moi, who personally signed his life ticket. And now there are strong rumours in Nairobi that one of his old supporters is prepared to stand down and make a space in Parliament for him.

But whether he has retained his old fire and influence is for the moment a matter for conjecture. The old campaigner has had little oportunity for political tub-thumping in the past couple of years which he has spent in the hum-drum business of running the Cotton Lint and Seed Marketing Board.

Daunting prospect

Quote of the week: "We must put the past before us," chairman Cyril Stein told Ladbroke's annual meeting yesterday.

Observer

ECONOMIC VIEWPOINT

De-industrialisation is good for the UK

THE LONG awaited Cabinet review of economic policy takes place this morning at a time when the air is thick with news of closures, layoffs and losses in manufacturing industry.

In this highly-charged atmosphere, exponents of rival theologies are having a field day. The self-professed "wets" and most professional communicators say that it is all the fault of the Government's monetary and fiscal strategy. Over-eager supporters of that strategy are inclined to respond with the claim that it is the only sure way of securing a revival of manufacturing in the medium term.

But I wonder how many people have suspected that both sides in this debate are displaying a naive belief in the powers of government policy. The manufacturing closures reflect deeper forces than monetary or exchange rate policy.

Moreover, although the recession is obviously adding to current pressures, the next recovery is unlikely to reverse the loss of manufacturing jobs. These statements would still be true whichever party was in power and whatever the name of the Prime Minister.

They relate, however, to manufacturing, not total employment. There is no reason why the number of jobless should go on rising and rising indefinitely unless we are stupid enough to preserve institutions which prevent people from pricing themselves into work.

Suggestive evidence about a structural shift away from manufacturing can be found in the period of recovery from the last recession, mostly under the Labour Government.

From the low point of March 1976 to the peak of September 1979, total employment rose by 435,000. Yet during this recovery period manufacturing employment fell by almost 140,000—and by a further 220,000 between last September and this April.

Not only have there been deeper forces than the business cycle or Government financial policy behind the contraction of manufacturing. Some of these forces have been on balance beneficial and have helped to keep British living standards at a much higher level than would otherwise have been possible. In other words a measure of de-industrialisation makes sense.

At this point in the argument (which I have approached piecemeal in earlier articles) some readers are inclined to blow a fuse. As one of my critics put it: "Switching resources . . . I see . . . My workshop becomes a hairdressing saloon." But in stylised form this represents what will have to happen if the UK is to draw the full benefits of North Sea oil.

We could accumulate car mountains, machine-tool hills, summits of ships

Some of the reasons for the structural shift against manufacturing are explained very well in an excellent paper by P. J. Forsyth and J. A. Kay on "The Economic Implication of North Sea Oil" in the July issue of Fiscal Studies. "There is simply no way in which oil can be converted into houses, or restaurant meals, or retail and distributive services . . . and it is largely on items of these kinds that we shall want to spend our increased income." We can only exchange oil for traded goods — which happen to be predominantly manufactures — and use the resources released from manufacturing in other parts of the economy to supply us with domestically-produced services.

PRE-OIL STRUCTURE OF UK ECONOMY

1976 value added at 1980 prices

	Production	Exports	Imports	Consumpt'n
	£bn			
Primary production	9.00	1.2	8.0	15.8
Manufacturing	48.9	24.9	22.0	46.0
Construction and housing	22.5	0.2	0.3	22.6
Distribution and services	88.1	18.8	16.9	86.2
Public administration	13.5	—	—	13.5
Total	181.9	45.1	47.3	184.1

Source: Fiscal Studies, July 1980 (Institute of Fiscal Studies forthcoming)

FULL IMPACT OF NORTH SEA OIL

(hypothetical impact on 1976 levels by value added)

	Pre-oil	Post oil	% Change
	£bn. 1980 prices		
Primary production	9.0	19.0	−111.1
Manufacturing	48.9	44.7	− 9.1
Construction and housing	22.5	24.3	− 8.0
Distributors and services	88.1	89.3	+ 1.4
Public administration	13.5	14.6	− 8.1
Total	181.9	191.9	− 5.5

The authors have provided some highly illuminating rough calculations. To isolate the effects of North Sea oil from other changes, the authors work in terms of its effects on the structure of production and consumption in 1976. This was the last pre-oil year, and all the data have been multiplied by a general price index to bring them up to 1980 values.

Oil production when it reaches its peak is expected to add £10bn per annum or 5 per cent net to national output after subtracting profits remitted overseas or retained by British companies, and domestic operating costs. This will be reflected in import saving and export increases in the primary product sector of UK trade of about that amount. So long as the current balance of payments has to be in rough balance, this is bound to mean a "deterioration" in the rest of the trading account.

This effect will moreover be augmented by the effect of the "oil premium" on the exchange rate. The authors' best guess is that this is just over 20 per cent or 40 cents on the sterling-dollar exchange rate. The appreciation of sterling will augment the output boost from North Sea oil. The IFS authors estimate that import prices will fall by 15 per cent as a result of the higher real exchange rate, while sterling export prices fall by only 4 per cent. The total rise in the real national income is about 10 per cent or nearly twice as large as the increase in output itself.

The final stage in the calculation is straightforward. As a result of North Sea oil each sector of the economy gains from a 10 per cent boost to final consumption but loses from the change in the trade balance.

The net results are shown in the second table. The rise in public administration should not be taken literally, as it is the automatic effect of assuming an evenly distributed rise in consumption.

The sensational result is the reduction of 9 per cent in manufacturing output. This arises because of the contraction of the non-oil traded sector in which manufacturing is so heavily represented.

It would be very difficult to stop these relative changes in the sizes of the sectors. Import controls would not alter matters. For so long as current payments balance, import savings would be offset by lower exports, a point forgotten in all the current lobbying.

Some would argue that the UK's best hope lies in a rise in total output—say by 10 per cent over and above that obtained from North Sea oil. In that case there need be no absolute drop in manufacturing. But there would still be a relative shift against it.

Moreover as soon as we begin to think about how total output might be boosted by this amount, we see it would still involve a shift of workers out of manufacturing. Rival strategies suggested in different parts of the political spectrum include demand expansion, "planning agreements" or an attack on union privilege and overmanning. All, if successful, would involve a rise in productivity, especially in the manufacturing sector—as their advocates are not slow to claim. So not even a British economic miracle could avoid an employment shift towards other sectors.

The IFS estimates are not a forecast but a comparison with what manufacturing would otherwise be. The depressive effects of North Sea oil are over and above those arising from the world and UK recessions. They are also over and above the effects of "crowding out" by newly industrialised countries and the effects of the rise in energy prices on manufacturing, which is a heavily energy-intensive sector.

One can think of facetious ideas for preserving UK manufacturing against contractionary influences. A Common Agricultural Policy approach could be adopted and the Government could accumulate car mountains, steel mountains, machine-tool hills and summits of ships. There is a great deal of political pressure for such schemes in only slightly disguised forms.

Suggestions for a massive government programme to invest in manufacturing industry are hardly more sensible. A massive increase in investment in any sector is likely to run into diminishing returns. Even without such a boost, the return in industrial investment is already very low and the structural changes discussed are lessening them still further. The suggested programme would amount to throwing resources away, not to speak of the future bitterness and disappointment likely to be aroused.

* * *

THERE IS only one serious way of preventing North Sea oil from imposing a contraction in manufacturing. This is to run a current account payments surplus large enough to offset the favourable impact of oil on the balance of payments. This possibility is related to the endlessly and inconclusively debated question: "What do we do when the oil runs dry?"

The theoretical answer to the last question is that enough of the real income gain should be invested to turn a windfall gain into a permanent increase of consumption. Tentative calculations by Forsyth and Kay suggest that if half the North Sea revenues were invested, consumption could be boosted indefinitely by an amount corresponding to the other half.

The world economy is large enough to absorb these extra investment funds without running into perceptibly diminishing returns. Moreover, because an investment outflow has to be offset by a current account surplus, the pressures on British manufacturing are reduced—the opposite of what the TUC normally argues.

Overseas investment can take the form of official purchases of foreign exchange, invested in assets such as U.S. Treasury Bills. Apart from the inflationary aspects of such intervention, which so much bothered the Germans, this is hardly the most promising way of maximising the real return. The best way is to encourage direct and portfolio investment.

The abolition of exchange controls last autumn was a step in this direction. The planned reduction in public sector borrowing in the medium term should also release more institutional funds likely to spill overseas.

It is, however, extremely unlikely that overseas investment will rise sufficiently to offset the whole effect of North Sea oil on the trading account. Nor would it be sensible that it should. As the IFS authors observe, the only way to avoid the relative decline in British manufacturing altogether would be not only to reinvest the whole of the oil revenues overseas, but to reinvest the interest on the investment and the interest on the interest, ad infinitum. That would assure no manufacturing adjustment, but also no benefit whatever from North Sea oil.

The North Sea oil problem or opportunity is the old story of the peasant who found gold in his back garden. It was the main economic issue in 16th century Spain. In the case of Netherlands natural gas it gave rise to the misleading label of the "Dutch disease." It has arisen in Australia in relation to mineral resources, where it led to the famous "Gregory Report." But it needs the British to make the discovery of black gold into a tragedy instead of a piece of good fortune.

There seems no alternative but to abandon the spurious moralising which regards manufacturing as superior to other activities and to welcome the undeserved good luck which has reduced the need for these arduous activities, as earlier we accepted the changes which made it possible for fewer people to go down the mines. If we are to have some de-industrialisation anyway, we might as well enjoy it and concentrate on helping those who would otherwise lose out, rather than make everyone worse off in vain attempts to stop it happening.

Samuel Brittan

Letters to the Editor

The Ferranti covenant

From the Managing Director, Edinburgh Financial and General Holdings.

Sir,—As the person who initially promoted the idea of a restricted covenant in order to enable the National Enterprise Board placing of its 50 per cent share holding in Ferranti to take place, I feel that I must take issue with the July 1 article by Lex, which I felt totally missed the point that the NEB disposal of its stake is not a normal situation. The facts were that because 50 per cent of its shares were held by the NEB, Ferranti found itself in a sheltered position that only could be resolved in two ways: by the NEB selling to the highest bidder, most likely to a competitor of the company; or by placing it as widely as possible amongst institutional investors, who had to give an undertaking not to sell within a certain period.

Merely placing the shares amongst institutions without such a restriction was not one of the options open to the NEB, as has been recognised by the Department of Industry giving the NEB the instruction to place it in the way that it ultimately did. As I made clear in my comments, which were reported in the Financial Times on June 28, the Royal Bank of Scotland and ourselves had no wish to see interference in the market place. We merely felt that a solution had to be found which recognised the special position that Ferranti found itself in.

Institutional investors ought to have consideration for the plight in which manufacturing industry finds itself today, and if by issuing a restricted covenant one can help a company to stabilise itself, and in the meantime, to grow and prosper, that is what had to be the ideal solution. This must surely be to the benefit of both the investors and the company, including its employees. This by no means justifies any other company not in the position of having half its shares held by a government agency from protecting itself from a takeover by following a similar route.

I would further argue with Lex (July 2) that the price appeared to be the problem and not the restriction.

Peter de Vink,
Edinburgh Financial and General Holdings,
1 Glenfinlas Street,
Edinburgh.

Post Office investment

From the Chairman, Post Office

Sir,—I am writing to complain about the inflammatory headline you placed over an article by Jason Crisp (July 1) on the subject of Post Office investment and cash limits. The headline "Post Office to spend £1.5m without approval" was potentially damaging to the relationship between the Post Office and Government.

Our current investment programme has been approved in the normal interchange with the Department of Industry and thus your headline is totally incorrect.

Your headline implies that the Post Office is flouting the Government, which is not true. Unfortunately, it is the headline that catches people's eye and leaves the lasting impression rather than the content of the article. The article was broadly correct except for the last sentence. We have not deviated from our target to achieve an average reduction in costs in real terms of 5 per cent. What will probably be changed is the financial target return on real assets employed from 5 per cent to some higher figure, which is quite a different issue.

(Sir) William Barlow,
Post Office,
23, Howland Street, W1.

Voluntary controls

From Mrs. M. Clark-Glass

Sir,—As a United Kingdom member of the EEC's economic and social committee, and a member of the National Consumer Council, I was somewhat dismayed by your report (June 19) on a seminar which, in your reporter's words, discussed the "blood-curdling brochure" "Advertising controls: new law and more to come?"

Peter Thomson, director general of the Advertising Standards Authority, made what I, as a consumer, thought a most important point: the total in terms of effectiveness of law and self-regulation working together will be greater than the sum of the constituent parts. Consumers are well aware of the usefulness of ASA—but to be truly effective, self-regulatory codes need the back-up of the law.

I cannot understand the remarks attributed to Dr. Richard Lawson that "the directive in its present form is not compatible with the UK's system of voluntary controls." The EEC's own second consumer action programme lays some stress on voluntary agreements, and I was under the impression that as a result of the opinion of the economic and social committee and the resolution of the European Parliament, the EEC Commission has gone to some pains to alter the original draft directive to take account of UK misgivings. Article 7 of the draft directive, in fact, specifically mentions bodies set up by business circles for the self-policing of advertising, thereby recognising those bodies and their usefulness. Neither their existence nor their scope will be affected by the provisions adopted to implement the directive. They will be able to go about their business exactly as before. Article 7 simply specifies that those affected by misleading and unfair advertising shall in any case have the right to refer the matter to independent courts.

The amended directive even makes provision for our own Office of Fair Trading—the Commission has said that an administrative authority (i.e. the OFT) may be the chosen means of control "only in those countries where it already exists." The natural progression, to me, would be for a complaint about unfair or misleading advertising in the UK to be made firstly to the ASA, if that proves unfruitful then to the OFT, which would then take proceedings very similar to the existing powers given to the OFT under the Fair Trading Act.

The Trade Description Act certainly hasn't put an end to humorous adverts—what I was taught as a law student about "advertising puff" in the law of contract also supports my contention that the draft directive on unfair and misleading advertising won't affect it either. Perish the thought: contrary to some advertisers' fears, most consumers enjoy a lacing of humour with the hard (or soft) sell; and I, for one, am not misled into thinking that if I eat a certain brand of chocolates it will only be because some man has gone through death-defying acts to get them to my bedside, or if I use a certain bath essence and stand at my window draped in a bath towel . . "strange things will happen." My own conviction is that the "persons addressed" (in the EEC's language) will as far as English law is concerned, still be our familiar "reasonable person."

(Mrs.) Mary B. Clark-Glass.
Smith Gretton,
Bladon Park, Belfast 9.

Directive on advertising

From the Secretary Consumers in the European Community Group (UK)

Sir,—I was surprised to see the EEC's draft directive on misleading and unfair advertising depicted in "grim" terms at the conference reported in your article of June 19. As amended, the directive would simply allow the UK to reinforce its current system, something for which Consumers in the European Community Group has been pressing for some time.

The Department of Trade working party, to which you refer, argues that legislation to give the director general of fair trading the power to seek an injunction from the courts against misleading advertisements would "sufficiently reinforce the self regulatory arrangements of advertising control and meet the essential objectives of the EEC proposals." We cannot see that this would cause a major upheaval and certainly agree that "further legislative initiatives are not a threat to the preservation of western civilisation as we know it!"

Ann Davison.
Consumers in the European Community Group (UK)
29 Queen Annes Gate, SW1.

Competition and loans for homes

From Mr. J. Heddle MP

Sir,—The Wilson report has certainly put the cat among the building society pigeons, with its recommendation that there should be greater competition within the home loans movement, by ending the societies' interest rate cartel—but a much more sinister threat waits in the wings.

It will be remembered that the Wilson Committee was conceived by Mr. James Callaghan, then Prime Minister, at the Labour Party Conference in 1976, when the Left wing were baying for the nationalisation of the banks. Mr. Callaghan rightly perceived this to be an election loser, and Sir Harold Wilson obligingly "kicked for touch" for four years.

Notwithstanding the fact that the Wilson report quite clearly states "We recommend against any extension of the public sector in banking and insurance by way of nationalisation of existing institutions," it is surely inevitable that in 1984, when the Wilson report has been buried under piles of dust, that Britain will be faced with an Opposition—posing as an alternative Government—committed to unilateral disarmament, the abolition of private education and health services, and the nationalisation of banks and pension funds.

I firmly believe that if the Left takes over the Labour Party between now and then, that the building societies too would feature in its manifesto as ideal candidates for nationalisation, that they would follow the banks to their corporate fate, just as the insurance companies could follow the pension funds.

Faced with a similar threat in 1978, the building industry alerted the public by conducting its very effective "Cabin campaign" (actually, I think its effectiveness was such that it contributed to Mr. Callaghan's decision not to "go to the country" in the autumn of that year, when everyone, particularly the trade union movement, expected him to do so) and I think the building society movement should now start to think of conducting a campaign along similar lines.

The seemingly non-stop demand for home loans does not encourage the building societies to be more competitive with each other—although the Stow report on "Mortgage finance in the 1980s" did address itself to the medium-term demand for building society mortgage finance, and considered the extent to which this demand could still be financed by traditional means—it also considered methods by which in the terms on which alternative sources of funds might be raised.

But I really think societies should adopt much more flexible lending policies, particularly to help the "first-time-do-it-yourself-buyer," by lending on unimproved inner city properties, and also by seeking ways of building houses to rent themselves. The Building Societies Act 1962 prevents them from doing this now.

One or two of the more forward-thinking societies have certainly begun to think about the movement's future, but the Wilson soporific will not protect them from a very real threat, which I believe lurks in the left. An open debate, however, more flexible lending policies, and a new Building Societies Act to enable them to build houses to rent probably will.

John Heddle.
House of Commons, SW1.

International reporting

From the Joint Secretary, Unilever and Unilever NV.

Sir,—It is gratifying to be included (June 27) in "the top ten" in your international annual reports study.

The problems posed by the proliferation and divergence of international requirements for such reports are very real and we have no easy solution to offer. You should note, however, that, although our auditors drew attention in their report on Unilever's 1979 accounts to the departure from the United Kingdom accounting standard in relation to deferred taxation, and the reason for it, their comment did not constitute a qualification to the audit report; the auditors expressly stated their concurrence with the accounting treatment adopted.

J. D. Keir,
Unilever House,
Blackfriars House, E.C.4.

Today's Events

GENERAL

UK: Ford UK union leaders meeting management on proposed 2,300 voluntary redundancies.

Transport and General Workers Union conference opens, Liverpool.

Announcement of first winner £250,000 Premium Bond jackpot.

British Broadcasting Corporation to decide on this year's Promenade concerts.

Mr. Norman Wilson, national chairman of Institution of Industrial Managers, luncheon speech on Collaboration with Other Professional Bodies, Glaziers Hall, 9, Montague Close, S.E.

Last day of Royal Show, National Agricultural Centre, Stoneleigh, Warwickshire.

Mr. Bob Cryer, Labour MP for Keighley, speaks at Labour Party meeting, Shefford, Bedfordshire.

Queen and Duke of Edinburgh attend a Musical Tribute to Queen Elizabeth the Queen Mother by the Bands of the Regiments of Scotland in Holyrood Park, Edinburgh.

PARLIAMENTARY BUSINESS

House of Commons: Local Planning and Land (No. 2) Bill, remaining stages.

House of Lords: Housing Bill, committee stage. Motion to approve Novelties (Safety) Regulations 1980. Trees (Replanting and Replacement) Bill, third reading.

Select Committee: Home Affairs, Race Relations and Immigration Sub-Committee. Subject: Racial disadvantage. Witnesses: Department of the Environment (Room 15, 4.30 pm).

COMPANY RESULTS

Final dividends: Batleys of Yorkshire, C. H. Industrials, Greene King and Sons, Russell Brothers (Paddington), Scottish and Newcastle Breweries, Tax Abrasives. Interim dividends: Bell Brothers, Birmingham Pallet Group, Gough Cooper, Thermal Syndicate.

COMPANY MEETINGS

Aero Needles, Southcrest Hotel, Redditch 3. Alpine, Selfridges Hotel, Orchard Street, W., 12. Altifund, 2, St. Mary Axe, E.C., 12. Bremner, 44, Glassford Street, Glasgow, 10.30. British Investment Trust, 46, Castle Street, Edinburgh, 12.15. Brocks, Winchester House, 77, London Wall, E.C., 11.30. Fine Art Developments, Fine Art House, Queen Street, Burton upon Trent, 4. Hill Samuel Property Trust, 45, Beech Street, E.C., 2.30. William Pickles, 101, Portland Street, Manchester, 11.30. Pyramid (Publishers), Hilton Hotel, Park Lane, W., 10. UBM, Avon Works, Wintersoke Road, Bristol, 12.

Cricket: Gloucestershire v. West Indies, Bristol.

Tennis: Wimbledon championships.

Rowing: Henley Regatta.

CITY OF LONDON LUNCH-TIME MUSIC

St. Paul's Cathedral steps, Metropolitan Police Band, 12.

St. Mary-le-Bow, Cheapside, E.C.2., piano recital, Vivien Banfield, 1.05 pm.

St. Olave, Hart Street, E.C.3., music recital, 1.05 pm.

St. Giles Cripplegate, Barbican, E.C.2., organ recital, Christopher Kent, 1.10 pm.

St. Mary-at-Hill, Lovat Lane, E.C.3., Bach Cantata Series, Cantata 24, Ensemble directed by Peter Lea-Cox, 1.15 pm.

Granada grows 8% and expects more at year end

REPORTING AN 8 per cent rise in first half taxable profits Granada Group states that if present trading conditions continue there should be a "rather larger" increase in the percentage for the whole year.

Stated earnings per 25p share Profit for the 28 weeks to April 12, 1980, attained by the television contracting, programming and rental group was up from £21.2m to £22.9m on a £22.5m advance in turnover to £168.7m. For 1978-79 the surplus was a record £39m.

At the trading level the first half growth was £2.08m to £46.69m before depreciation of £21.53m (£21.17m) and interest costs little changed at £2.26m (£2.22m).

Stated earings per 25p share were 0.46p ahead at 6.73p and the net interim dividend is stepped up from 1.44p to 1.584p, and absorbs £2.47m (£2.25m). The final last time was 2.4975p.

The tax charge, of £12.27m (£11.38m), was after full provisions for deferred taxation on UK rental profits. The company says this position will be reviewed at year end.

An unrealised credit of £1.06m (£1.52m) arising on an improvement in the exchange rate will also be dealt with in the annual accounts.

	Half year 1980 £000	1979 £000
Turnover	168,705	146,192
Trading surplus	46,686	44,606
Deprcn. rental assets	17,644	18,029
Deprcn. other assets	3,886	3,142
Interest	2,257	2,222
Pre-tax profit	22,899	21,213
Taxation	12,269	11,381
Net profit	10,630	9,832
Minority interests	126	45
Available	10,504	9,787

Lex, Back Page

HIGHLIGHTS

The exhaustion of the Long Tap, Treasury 13 per cent 2000, and the publication of the official reserves figures prompts Lex to examine the increased level of overseas buying in the gilt-edged market. The column also looks at the unique sterling/dollar convertible eurobond issued by Kollmorgen. Lex analyses the interim results from Granada and reviews the prospects for Daimler-Benz in the light of the current downturn in West German automotive demand. Elsewhere, dealings in Ferranti have resumed following the placing of the NEB stake, Milford Docks is once again under the gaze of a would-be predator. Ladbroke received only feint criticism about its casino activities from shareholders at yesterday's annual meeting and profits from Blundell-Permoglaze have been dented by the erosion of export margins.

Confident Mr. Stein heckled at meeting

BY ANDREW FISHER

"This is not Hyde Park Corner," exclaimed Mr. Cyril Stein, chairman of Ladbroke Group, at yesterday's annual meeting in answer to the calls of vocal ex-casino employees for more explanation of why the group was forced to move out of the gaming business.

"It's not the Hyde Park Casino either," was the reply from the gallery, where journalists, former gaming employees, stockbrokers and other non-bona fide shareholders were seated away from the main body of the hall.

Having threatened to have the more vocal non-shareholders removed from the meeting, Mr. Stein said: "I regret as much as any shareholder the unfortunate events that took place in the casino division.

Last year, the group's pre-tax profit figure of £49m included around £25m from casino and lottery operations. Since then, Ladbroke's involvement in the lucrative London gaming market has ended and it is currently selling off its 11 provincial clubs.

It is because of past misconduct, chiefly involving the illegal tempting of high-spending gamblers from rival clubs, that Ladbroke has been moving out of the casino world.

A writ is due to be served today on behalf of ex-casino staff members of Ladbroke claiming damages against the management's conduct of the casino division.

It will be served in the name of the UK Casino's Staff Legal Association, which represents several hundred Ladbroke casino employees made redundant this year, by lawyers Kanaer Holmes and Partners.

"As chairman, the buck has to stop with me for problems which occur in any division," Mr. Stein told the meeting. The company now had to get on with the job in hand, he said.

On current trading, he said initial estimates for the half-year to June indicated that the group had done well in non-casino operations. "The prospects for the year are good." Combined with the group's strong asset base, he said this showed reason for confidence in the group's continued prosperity.

Symonds slips to £207,000

A SECOND half fall from £126,684 to £106,648 has left the taxable surplus of Symonds Engineering Company behind at £207,670 for the year ended March 31, 1980, compared with £221,492.

At halfway the directors said that orders were at a reasonable level, and they were hopeful of a satisfactory full year.

Turnover of this precision engineer, sheet metal worker, jig and tool manufacturer, rose from £2.18m to £2.53m, for the year.

The dividend is effectively increased to 0.785p (0.775p) net per 5p share—there was a one-for-one scrip last year—with a final of 0.5625p. Earnings per share are shown as 0.886p, compared with 1.969p on old capital.

BIRMINGHAM DC

The rate of interest payable on the £50m of Birmingham District Council 1983-85 floating rate stock for the six months from July 3, 1980 to January 3, 1981 will be £16.5 per cent.

£3m water tender at par

Sunderland and South Shields Water Company is raising £3m through an offer for sale by tender of 9½ per cent preference stock redeemable at par on July 31, 1985.

Minimum price for tenders is £100 per cent. Tenders must be received not later than 11 am on July 9 with a deposit of £10 per cent on application. The first dividend on the stock, covering the period July 9 to September 30, 1980, will be £1.692 per cent and will be payable on October 1. Thereafter, dividends will be calculated to March 31 and September 30 payable on April 1 and October 1.

Stormgard advances to £38,000

Taxable profits of Stormgard, investment holding and dealing company, advanced from £29,570 to £38,230 in 1979 on lower turnover of £1.11m against £1.94m.

Stated earnings per 10p share, after tax of £18,122 (£8,844), are 1.03p (1.08p) and the dividend is again omitted.

J. Sainsbury expansion to speed up in next 3 years

Sir John Sainsbury, chairman of the J. Sainsbury supermarket group, yesterday told shareholders at the group's packed annual meeting that expansion in the three years to March, 1983, would be "substantially greater than in the past three years."

"We plan to add approximately 30 per cent to our sales area in this period." The expansion was possible because of greater success recently in obtaining planning permission for new sites, according to the chairman.

Sir John told shareholders at the Connaught Rooms in London that the programme would be financed largely from retained earnings together with the proceeds from property sales. If necessary, there could be a limited amount of sale and lease back; but the expansion would not require extensive bank borrowings.

In addition to developing J. Sainsbury supermarkets, the group would open three new "Sava Centre" hypermarkets and up to 10 home improvement centres in the next three years. The Sainsbury group last year entered into a joint venture in DIY retailing with GB Inno-BM, a leading Belgian retailer.

The chairman told shareholders £157m had been spent over past five years developing new stores and new methods and equipment for operations. The group continued to invest heavily in training and development programmes for staff.

While he was not willing to make a profit forecast, Sir John predicted that as a result of recession, continued inflation and the danger of industrial disruptions next winter, the real purchasing power of Sainsbury customers would cease to grow.

Despite these expected difficulties, Sir John concluded that he was confident "our Company is very strongly placed to weather whatever storms may be ahead." He added: "Up to last week there was no sign of any downturn in the buoyant level of our trade."

J. Sainsbury produced pre-tax earnings of £43.8m in the year to March, an increase of 41 per cent. Retail sales were up 21.8 per cent to £1.23bn in the same period.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ashley Industrial		1.8	Oct. 8	1.3	3.0	2.3
A. G. Barr	int.	1.25	Aug. 22	1.25	—	4.25
Blundell-Permoglaze	int.	1.6	Oct. 1	1.2	—‡	4.8
Granada Group	int.	1.58	Oct. 1	1.44	—	3.94
Hampton GM Areas		3	Sept. 12	2	4.5	3.5
Symonds Eng.		0.56	—	0.56*	0.79	0.78*
Technology Invest.		2.6	Aug. 28	2.1	4.46§	3.1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Maintained total forecast. § Includes special payment of 0.36p.

C. Heath divestment warning

Mr. Frank Holland, chairman of C. E. Heath and Co., the insurance broker with large Lloyd's of London interests, told shareholders at yesterday's annual meeting that the group may have to divest itself of its Lloyd's managing agency operations.

He gave his warning following publication of an internal report by Lloyd's into self-regulation prepared by Sir Henry Fisher and a working party.

The Fisher team recommended that over five years, the shareholding links between all Lloyd's insurance brokers and managing agencies—the groups which look after the affairs of underwriting syndicates—should be terminated, to avoid potential abuses because of conflicts of interests.

Mr. Holland told shareholders that it is "sad to think our underwriting interests may be dissolved in this way," but stressed that the managing agency interests may be dissolved in this way," but stressed that the managing agency interests did not represent "too significant" a part of the group's income.

Mr. Holland warned that the continuing strength of sterling against the dollar would affect results in the current year. And he said that trading was continuing to be effected by soft market conditons, while inflation was also having an impact on overall performance.

In answer to a shareholder's question, Mr. Holland explained that a £894,000 exceptional item in the accounts represented the amount that the group was unable to recover from underwriting agencies and companies and represented a large number of items.

"I hope it will not be a recurring item," said Mr. Holland, "but it is difficult to give an assurance."

Mr. Holland told shareholders that the board was keeping "an open mind" on the question of remaining an independent broker without any pooling arrangement with a large U.S. broker.

Century Oils sees sales boost

THE COMBINATION of present levels of trading, increased selling prices and expanding market outlets should result in a substantial increase in total sales at Century Oils Group during the current year, says Mr. Charles Mitchell, chairman, in his annual statement.

However, indications are that margins, which have narrowed in recent months, will remain under pressure in the prevailing economic climate, he adds.

Pre-tax profits surged to £3.57m (£1.26m) in the year to March 31, 1980, on substantially higher sales of £39.09m (£22.66m), as reported on June 3. The taxable surplus was reduced to £2.03m (£0.76m) on a CCA basis.

The development of new technical products and wider market outlets will provide opportunities in the shorter-term and an additional source of strength for the future, the chairman says.

Crude oil and other raw material prices will continue to rise and this will again affect availability of mineral oils and petrochemicals. However, the directors remain optimistic that the group's own supply arrangements, stocking levels and recycling potential will ensure continuity of supply to its customers, he adds.

Bank overdrafts rose by some £1.5m to £2.65m during 1979/80, and term loans by about £2.2m to £3.93m, giving a total increase in borrowings of £3.7m. This was in line with expectations and the directors are satisfied the group has an adequate margin of unused bank facilities.

Shareholders' funds were up from £8.04m to £12.07m.

Meeting, Stoke-on-Trent, on July 24 at noon.

Police clash with pickets

BY JOHN LLOYD, LABOUR CORRESPONDENT

POLICE clashed with pickets yesterday at Adwest Engineering, in Reading, as the pickets attempted to dissuade workers from entering the plant.

One picket, Mr. Danny Broderick, a former shop steward, was arrested and later released. About 40 pickets were outnumbered by around two to one by the police.

The pickets, many of them former Adwest employees, were protesting at the sacking of around 50 workers last month, following a series of protests over the dismissal of one worker, and a pay dispute, now settled.

Mr. John Collingbourne, the company's managing director, said yesterday that the majority of the 300-strong workforce at the plant, which makes car steering gear, had accepted the pay offer and were adamant that the workers who had been dismissed should not be reinstated.

However, leaders of the pickets said that they would attempt to mount a mass picket on July 14, and have warned that Adwest "could become another Grunwick." They are to lobby for full TGWU support.

Call for inquiry into £58,000 ambulance sale

AN IMMEDIATE inquiry into the purchase of unsuitable ambulances by Cambridgeshire Area Health Authority has been demanded by Dr. Brien Mawhinney, MP for Peterborough.

The authority had purchased seven ambulances at a price of £58,000, but cannot use them.

The ambulances were built with the wrong type of chassis, because the specification was omitted from the order form.

S. & W. BERISFORD DIVIDEND

The directors of S. & W. Berisford, which has announced plans to raise £28.5m by way of a one-for-four rights issue, intend to recommend a final dividend of 6.5p for the year to September 30, 1980. This will bring the net total to 9.75p, compared with 7.5p for 1978/79.

Falling exports hit Permoglaze

FIRST-HALF taxable profits of Blundell Permoglaze Holdings, decorative and industrial paint and building chemicals manufacturer, fell by £149,500 to £539,717, mainly due to the effect of a strong pound on exports, and the Board expects the full year's outcome to follow a similar pattern.

In the last full year, profits rose from £1.78m to £2.19m.

The interim dividend is increased from 1.2p to 1.6p net and while, in view of the prospects for the second half, they cannot anticipate a further increase, the directors say they intend to match last year's total of 4.8p.

Sales in the six months to April 30, 1980 went ahead from £8.91m to £10.77m. The surplus is struck after higher depreciation of £212,049 (£163,948), and a tax charge of £288,000 (£359,200) leaves stated earnings at 3.9p (5.2p) per 25p share.

The spreading recession towards the end of the first half led several industrial customers to resort to short-time working with a consequent effect on paint usage. This brought lower demand for the industrial division which is likely to persist throughout the remainder of the year.

The decorative side exceeded budgeted volume, but had to bear the costs of temporary packaging, amounting to £30,000, because of the steel strike. The volume of business remains satisfactory and margins are being maintained.

Building chemicals sales increased significantly in volume and value but the division again made a small loss, partly because the new insulating product, Thermarend, will take some time to get under way in current economic circumstances, say the directors.

The Irish division continued to increase its market share.

● comment

The chairman of Blundell-Permoglaze said at the AGM in March that trading in the first four months was well up on budget. However, in the subsequent two months, the recession hit sales of coatings and finishings to industrial customers and the high rate of sterling stifled export sales. Pre-tax profit for the first half was down 22 per cent and the shares were down 3p yesterday to 97p. Yet the vital decorative division has exceeded expectations and probably increased its market share. The company is confident it can rebound from current soft conditions more quickly than its competitors but the balance of the year will remain difficult with profits perhaps as low as £1.6m. On an indicated 4.8p total net dividend, the yield would be just over 7 per cent and the prospective fully-taxed p/e a respectful 8.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bett Brothers, Birmingham Pallet, Cough Cooper, Thermal Syndicate.

Finals: C. H. Industrials, Caird (Dundee), Celestion Industries, Fulls Smith and Turner, General Electric, Greene King, Milbury, Russell Brothers (Paddington), Scottish and Newcastle Breweries, Tex Abrasives, Turnbull Scott.

FUTURE DATES

Interims:—

Anglo-American Securities	July 3
General Consd. Invest. Trust	July [illegible]
Glass Glover	July 17
Macpherson (Donald)	July 8
Midland Bank	July 25
Trade Indemnity	Sept. 2
Tube Investments	Aug. 6

Finals:—

Daily Mail and Gen. Trust	July 16
Hambro Trust	Aug. 5
Laurence Scott	July 24
Oil and Assocd. Invest. Trust	July 10
Ratners (Jewellers)	July 10
Waddington (John)	July 8
Western Board Mills	July 16

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.300	5	0.40	—	—	—	—	F.288
AKZ C	F.22.50	35	0.70	10	2.20	11	2.70	F.23
AKZ C	F.25	—	—	—	—	41	1.30	
HEI C	F.60	50	0.40	50	1.60	—	—	F.55.50
HEI P	F.60	2	5	—	—	—	—	"
HEI P	F.65	—	—	10	11.30	—	—	"
HEN P	F.56	2	1	10	2.50	—	—	
HO C	F.15	—	—	—	—	2	3.20	F.17.40
HO C	F.17.50	10	0.60	17	1.50	—	—	"
HO C	F.22.50	—	—	30	0.20	—	—	"
KLM C	F.60	15	2	7	3.50	—	—	F.60
KLM C	F.70	—	—	8	1.70	11	2.80	"
KLM C	F.80	—	—	10	0.60	—	—	"
KLM P	F.60	30	2.50	16	5	—	—	"
KLM P	F.70	36	11.50	37	13.30	—	—	"
KLM P	F.80	69	21	20	21.50	—	—	"
NAT C	F.109.10	19	1.70	—	—	—	—	F.110.80
NN C	F.110	—	—	—	—	14	6.40	"
NN C	F.120	—	—	3	1.50	—	—	"
PHI C	F.15	—	—	66	3.30	—	—	F.18.10
PHI C	F.17.50	9	0.40	163	1.20	63	1.70	"
PHI C	F.20	—	—	70	0.40	294	0.60	"
PHI P	F.17.50	23	0.20	68	0.50	300	0.90	"
RD C	F.150	—	—	65	16	—	—	F.164.80
RD C	F.160	76	5.40	33	8.20	50	10.30	"
RD C	F.170	166	0.60	242	3.80	23	5	"
RD P	F.140	—	—	2	0.70	—	—	"
RD P	F.145	—	—	43	1.40	—	—	"
RD P	F.150	—	—	20	2.40	3	3.20	"
RD P	F.160	95	0.50	15	5.60	—	—	"
RD P	F.170	—	—	5	11.20	10	11.50	"
UNI C	F.110	40	7.80	—	—	—	—	F.117.80
UNI C	F.115	3	2.80	5	5.30	—	—	"
UNI C	F.120	6	0.40	3	2.30	—	—	"
UNI P	F.105	—	—	20	0.80	—	—	"
UNI P	F.110	—	—	30	1.30	—	—	"
UNI P	F.115	—	—	30	2.50	—	—	"
		Aug.		Nov.		Feb.		
BA C	$35	1	2	5	3⅝	—	—	$35⅜
MMW C	DM.120	—	—	5	10	5	13.60	DM128.40
MMW C	DM.130	—	—	20	4.30	—	—	"
MMW C	DM.140	—	—	2	1.50	—	—	"
SIE C	DM.280	5	3	—	—	—	—	DM275.80
SLB C	$110	4	10⅝	—	—	—	—	$118¼
VEB C	DM.150	3	1.50	—	—	—	—	DM150
VW C	DM.190	—	—	10	2.50	—	—	DM184.80

TOTAL VOLUME IN CONTRACTS 2559

C=Call P=Put

SPAIN

July 2	Price %	+ or −
Banco Bilbao	222	+6
Banco Central	248	+5
Banco Exterior	208	
Banco Hispano	225	+3
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	275	+2
Banco Urquijo	154	+4
Banco Vizcaya	231	+5
Banco Zaragoza	202	
Dragados	80	+2
Espanola Zinc	59	+1
Fecsa	59.5	−5.7
Gal. Preciados	25	−1
Hidrola	65	−5
Iberduero	60	−3
Petroleos	106.5	
Petroliber	87	−5
Sogefisa	107	
Telefonica	61.5	−0.6
Union Elect.	64	

Doornfontein's new lease

A FAVOURABLE formula for the payment of the South African State's share of profits has been granted to the Gold Fields group's Doornfontein following the gold mine's application for a mining lease over an area of some 563 hectares (1,391 acres) adjoining its southern boundary.

The state's percentage share of profit will be determined by taking a figure of 15 less 120 divided by the ratio of mining profit to mining revenue expressed as a percentage. There will also be a surcharge of 1.25 per cent.

The important thing is that this new formula, which is less onerous than that previously applying to the existing Doornfontein mine will apply as from July 1, 1979, to both the existing mine and the new area.

This back-dating of the formula will mean a substantial return of the percentage of profits paid to the state during a year when the mine's profits were expanding rapidly in line with the rising gold price.

In addition, the company is to be granted deep mine status which gives, for formula tax purposes, an allowance of 10 per cent on capital expenditure for *10 years*.

A separate formula is applied in regard to tax which, in South Africa, is based on a sliding scale and applies after deduction of the state's share of profit and redeemable capital expenditure.

Mr. R. A. Plumbridge, the chairman, pointed out in the last annual report that an easier lease formula would be needed to make mining of the new area a viable proposition.

It will still be no "push-over" in view of the fact that while the gold bearing Carbon Leader reef has given consistent results at the existing Doornfontein mine, there is no guarantee that it will continue to do so as it plunges downwards into the deeper adjoining area.

Furthermore, the cost of exploiting the new area has been estimated at some R73m (£40m) which will add considerably to Doornfontein's capital spending over the next five years.

But the move is necessary in view of declining ore reserves at the existing mine and the spending is to be arranged in such a manner that if the new area does not live up to expectations the project can be stopped without the company being committed to spending the full sum.

● An underground fire was detected at the West Driefontein gold mine on Monday.

The fire is burning in the Carbon Leader reef horizon in a depth of 1,700 metres in the No. 2 shaft area. There were no casualties and the area affected by the fire is being sealed off. Production is not expected to be greatly affected.

Skilled labour shortage on Copperbelt

ZAMBIA'S shortage of technicians and skilled miners remains a threat to the maintenance of production on the Copperbelt which contributes about 10 per cent of the Western world's copper. At present, copper supplies are more than adequate, especially in view of the world economic recession, but the picture could change if the current U.S. copper industry strike is prolonged.

The Zambian Government-controlled Zambia Daily Mail has quoted Dr. Brian Saville, acting manager of the Mining Industry Manpower Services Unit, as saying that at present there are 2,679 expatriates out of a total mining labour work force of 60,311. The mines urgently require 220 graduates, 100 technicians and some 850 craft workers, most of whom will have to come from outside the country.

Because of the lack of Zambian personnel to fill the more skilled jobs, largely brought about by the shortage of men with sufficiently high educational standards, the mines have to turn to expatriates.

However, the salaries offered are not competitive with those in areas such as Australia and Canada where there is also a demand for such men, and so European expatriates are difficult to obtain.

Consequently, the major Zambian mines have been aiming their recruiting drives at the Philippines and the Indian subcontinent, areas where there has long been a mining tradition and where men with suitable technical qualifications can be found.

But the Zambian miners do not always take kindly to accepting instructions from overseers from these areas—paradoxically they are more ready to accept orders from the devil they know who is often an Afrikaner from the Rand.

Hampton Areas pays more and plans scrip issue

BY GEORGE MILLING-STANLEY

A RISE in nickel royalty income from Australia's Western Mining and a full year's contribution from the coal mining machinery manufacturer Wultex Machine has boosted earnings of the London-based Hampton Gold Mining Areas to 12.19p per share for the year to March 31, compared with 11.56p last time.

A final dividend of 3p net per share is to be paid, making the total for the year 4.50p compared with 3.50p.

The directors are to propose a three-for-one scrip issue and the consolidation of every two 5p shares into one of 10p. This will raise the nominal value of the issued share capital and give the shares trustee status.

Mr. Jim Ley, chairman of Hampton Areas, described the year as one of "marking time," partly owing to the lack of a permanent managing director. Mr. George Livingstone-Learmonth, formerly of Charter Consolidated, takes over as managing director on July 21.

Royalty income from Western Mining rose by 44.3 per cent to £744,148 in line with the higher nickel price, a record in terms of Australian currency. Wultex contributed £977,155 to operating profits compared with £720,190 for the eight months of the previous year during which it was under Hampton's control.

Hampton's coal mining operation, the six-mine complex of Staffordshire's Great Row Colliery, contributed £398,709 to operating profits, against £250,578 last time.

The main factor preventing these satisfactory results from being reflected at the net level was a write-off of £136,668 following Hampton's sale of its 50 per cent stake in the Northampton Lead Mines joint venture in Australia.

A further depressing factor was the extraordinary debit of £61,884 relating to the termination of the deal to sell the nickel *royalties* to the *Colonial Mutual* Life Assurance Society of Australia.

Turning to the company's North Sea interests, Mr. Ley said that further wells are to be drilled in Block 16/21a by North Sea Sun Oil, operator of a consortium in which Hampton has a 5 per cent stake. Further applications for exploration licences will be made in the Seventh Round.

For the future, Mr. Ley pointed out that Hampton has 190,000 acres of freehold land with mining rights in the northern part of Australia's Kalgoorlie gold mining region, and indicated that the company intends to exploit this.

The shares closed 5 lower at 375p last night.

CARLESS CAPEL

Carless Capel and Leonard, petrol refining, oil and gas exploration, chemicals, etc., has sold its 1m partly paid shares and 1m options in Strata Oil NL, Australia, for approximately £1.5m. The transaction will show a profit on the original investment of £1.4m.

Amax takes a further step at Mt. Emmons

AMERICA'S AMAX natural resources giant yesterday took another step towards the development of the Mount Emmons molybdenum project in Gunnison County, Colorado. The company has finalised an agreement with U.S. Energy Corporation and Crested Butte Silver Mining under which Amax will take over all reserved mineral rights on the 21 claims it has leased from Crested Butte since 1974.

In return, Amax will increase to 6 per cent from 4 per cent the gross royalties payable to U.S. Energy and Crested Butte on any minerals produced from the properties.

Amax said yesterday that it is still evaluating the project and has not completed sufficient work to determine whether it will be commercially feasible.

Mount Emmons contains less molybdenum in terms of tonnage than other Amax deposits, notably the huge Mount Tolman prospect in Washington State, but the ore grades are much higher.

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UK COMPANY NEWS

BIDS AND DEALS

Rosehaugh stepping up stake in Sunbourne

Rosehaugh Company is to purchase a further 16½ per cent of the capital of its associated investment company Sunbourne Properties. This will increase the Rosehaugh Group's shareholding from 33½ per cent to 50 per cent, the remaining 50 per cent being owned by Sunley Holdings.

The total consideration to be paid for the further shares being acquired is £305,235 and Rosehaugh has reserved the right to satisfy some or all of this by means of a vendor placing of new ordinary shares of 10p each in Rosehaugh. Completion of this translation is to take place on or before August 29, 1980.

On the basis of unaudited management accounts for the period to February 29, 1980, Sunbourne, together with its wholly-owned subsidiary, Sunvale Properties, had net tangible assets of approximately £2.47m after deducting the full amount of potential deferred taxation.

M. CLARK BUYS CROKERTON

With effect from June 26, Matthew Clark and Sons (Holdings), wines and spirits group, has acquired for £300,000, the entire capital of Crokerton Haulage.

Of the consideration, £230,000 was paid on June 25, with the balance of £70,000 due on June 25, 1984.

For the period from April 6, 1979, to March 31, 1980, accounts of Crokerton and its subsidiaries — haulage contractor which specialises in distribution of wines and spirits—show a pre-tax loss of £5,110.

Net assets amounted to £42,193, but no account has been taken of a revaluation of motor vehicles and trailers, which in January revealed a £20,000 surplus over book value.

BOC/CABOT COMPLETION

The purchase of Bocmin Metals by Cabot Corporation has been completed.

Bocmin formed part of the metals division of BOC International, and specialises in metals, minerals, ores and chemicals.

The directors say that the transaction's value is not material in relation to the assets of BOC International.

SHARE STAKES

Ductile Steels—Britannic Assurance has acquired 132,500 ordinary making holding 907,500 (7.02 per cent).

St. George's Laundry—Provincial (formerly Provincial Laundries) has sold 25,000 shares reducing holding to 15.1 per cent.

Fundinvest—Edinburgh Investment Trust has purchased a further 30,000 capital shares and now holds 720,000 (11.34 per cent).

House of Fraser—The trustee interests of Sir Hugh Fraser have been increased by 140,000 shares.

Atlanta Baltimore and Chicago Regional Investment Trust—Following purchases totalling 110,000 ordinary, Cornhill Insurance holds 265,000 shares (6.83 per cent).

WELLMAN AND WIGGLESWORTH

The argument whereby Wellman Engineering Corporation is acquiring Frank Wigglesworth and Company from Carcle for £4,000 cash and 626,163 Wellman shares has become unconditional.

The new shares, which do not rank for the final dividend in respect of the year to March 31, 1980, have been granted a listing by the Council of the Stock Exchange. They have been placed with the National Coal Board Superannuation and Pensions Fund which now holds 951,163 Wellman shares, or 8 per cent of the enlarged capital.

Global trading starts Tuesday

TRADING IN the 21m shares of Global Natural Resources, the sole surviving offshoot of Mr. Bernie Cornfeld's failed IOS empire, is expected to begin on the Stock Exchange next Tuesday.

The company, which is engaged in oil and gas exploration and production in the U.S. and Canada, has applied for a full listing by way of an introduction by Hambros Bank.

Global was formed in 1970 to take over most of the assets of the Fund of Funds, mainly non-producing oil and gas properties in the U.S. and Canada, plus $20m in cash and 47 per cent of a real estate company in liquidation.

It has since developed significant oil and gas production and expanded its exploration activity. In 1979, the company produced 170,000 barrels of oil and 6.4bn cubic feet of gas and spent $2m on explorations.

Proven net reserves at the end of 1979 were 1.4m barrels of crude oil and 88bn cubic feet of gas worth a total of $94m on the accepted U.S. calculation method which does not allow for product price escalation.

The company had net income of $8.2m ($752,000) in 1979 on revenue of $13.9m ($9.9m). Cash flow for the current year is projected at $57.4m, including $34.6m from the real estate company liquidation. Cash flow for 1981 is estimated at $25.5m.

Global shares have been traded in an over-the-counter market in Frankfurt and have risen from the equivalent of $4.18 at the end of December, 1979, to $10.21 last week.

About 21 per cent of Global shares are still held by a trustee for Fund of Funds shareholders who have not yet claimed their rights to one Global share for each FoF share held. The trustee, Mr. Erskine Carter, who is also a Global director, intends to sell the remaining unclaimed shares in the second half of 1981, maintaining the proceeds for the benefit of unidentified shareholders.

The company, which has a list of FoF shareholders, has made continuous efforts to locate shareholders but with diminishing success.

Mr. Frank Beatty, president of Global, said there were two possible events in the next year that could have a material effect on the price of the shares and thus affect the timing of the selling of the unclaimed shares.

These were a decision to double gas liquefaction capacity in Indonesia, where the company is a producer and a decision to develop substantial gas reserves in the Canadian Arctic.

Mr. Beatty said the London listing was partly a response to the substantial shareholdings in the company held in Europe. He estimated that 20 per cent of shareholders are in Germany with substantial holdings in Switzerland, France, Italy and the Low Countries.

The company has also registered its shares this week with the U.S. Securities and Exchange Commission.

MORE O'FERRALL

The calendar 1979 profits for More O'Ferrall were £2.8m. In yesterday's story on the group's expansion in Belgium, the published figure was incorrectly given.

Heat worries Texas farm experts

DALLAS, Texas — Almost two weeks of record-breaking temperatures in Texas have agriculture experts concerned about this year's crop and livestock production there.

The heat, which has risen as high as 113 degrees in Central Texas, has not damaged crops significantly yet. But experts say such commodities as newly planted wheat and cotton may be ruined and cattle may die if rain doesn't arrive in the next two or three weeks.

A prolonged drought combined with high temperatures could cause severe damage, the state's agriculture department says, and grocery stores prices beyond the Texas borders would reflect the cost of that damage. Texas is the U.S.'s leading producer of cattle, cotton and sheep and is fourth in wheat production.

But for now the Texas Department of Agriculture says the hot dry weather has been almost a blessing, providing ideal conditions for the rice and winter wheat harvests. However, the weather is hard on newly planted corn, wheat and sorghum.

The weather also is taking a toll on cattle producers, the department says, as hot cattle don't gain weight. The state department and the U.S. Agriculture Department are optimistic, however. Serious damage has not been done and "one good rain in the next two weeks could turn the whole thing around," the Texas department says.

Output cut at U.S. aluminium

REYNOLDS METALS said it will suspend production of primary aluminium from one potline at its San Patricio reduction plant near Corpus Christi, Texas.

The curtailment calls for the idling of 57,000 tons of the plant's annual capacity. Procedures for the shutdown of the line will begin immediately.

The company said the move is designed to keep inventories in balance by cutting back production at higher-cost facilities.
Reuter

REPORTS AND ACCOUNTS IN BRIEF

GILTSPUR (industrial services group)—Results for year to March 31, 1980, already known. Shareholders' fund £16.71m (£14.55m); decrease in bank overdrafts and term loans £730,000 (£2.78m). Historical pre-tax profits of £4.57m (£4.52m) reduced to £2.61m (£3.42m) on a CCA basis. Mr. Maxwell Joseph is to retire as chairman at the annual meeting, and he will be succeeded by Mr. E. H. Sharp. Meeting, Mount Royal Hotel, Bryanston Street, W, July 25, noon.

J. ALLAM (Cutler and steel metal engineer)—Results for 1979 already known. Shareholders' funds £389,028 (£670,289), bank overdrafts £105,092 (£89,284), bank balances and cash £13,847 (£1,398). Meeting, Sheffield, July 25 at noon.

UKO INTERNATIONAL (ophthalmic lenses, catering equipment)—Results for year to March 31, 1980, reported June 13. Shareholders' funds £18.2m (£17m). Bank balances and cash £1.19m (£0.95m). Bank overdrafts £1.16m (£2.16m). Current year has started badly in ophthalmic division with demand low in home market. Catering division has started reasonably well but outlook uncertain. Meeting: Winchester House, London, EC, July 25, noon.

DUNDONIAN (public services energy conservation and natural resources)—Results for year to March 31, 1980, already known. Shareholders' funds £9.02m (£3.1m). Bank loans and overdrafts £1.04m (£110,000). Company's strong position to be used as "spring-board" for next phase of growth and prosperity. Board look to future with confidence. Meeting, Moorgate Place, EC, July 31, 11 am.

OCEAN WILSONS (HOLDINGS) (investment company)—Results for year ended January 31, 1980 reported June 11. Shareholders' funds £12.08m (£10.99m). Market value of listed investments £4.7m (£4.31m); unlisted at directors' valuation £257,000 (£287,000). Chairman says profit for first four months of current year are good and that 1980 profits will be satisfactory in Cruzeiro terms unless drastic changes occur—group has interests in Brazil. Meeting, 100, Old Broad Street, EC, July 24, noon.

SCOTCROS (food, transport, packaging)—Results for March 31, 1980 year reported June 4. Shareholders' funds £7.37m (£5.15m). Loans £514,000 (£1.11m). Bank overdraft £1.67m (£1.54m). Cash at bank and on hand £1.32m (£703,000). Historic pre-tax profit £2.12m (£1.48m), reduced to £1.15m (£1.04m) on CCA basis. Meeting, Glasgow, July 28, noon.

BRABY LESLIE (mechanical and civil engineering group)—Results for year to March 31, 1980 reported with prospects on June 20. Shareholders' funds £9.13m (£8.99m). Historical pre-tax profits of £914,000 (£2.09m) reduced to a loss of £211,000 (profit £1.17m) on CCA basis. Board has approved budgets covering an improved performance, particularly by the loss-making subsidiaries. Meeting, Abercorn Rooms, Bishopsgate, EC, July 24, noon.

PORTSMOUTH AND SUNDERLAND NEWSPAPERS—Results for year ended March 29, 1980, reported May 23. Shareholders' funds £8.92m (£7.5m). Meeting, Sunderland, July 25, 12.30 pm.

GEEVOR TIN MINES—Results for the year to March 31, 1980 already known. Shareholders' funds £3.62m (£2.84m); bank balances, short-term deposits and cash £820,000 (£914,000); loans £1.13m (£288,000). Historical pre-tax profits of £714,000 (£1.02m) reduced to £495,000 on a CCA basis. Chairman says the overall outlook for the current year is for a further decrease in profit unless there is a substantial improvement in the price of tin, a situation which looks unlikely. Meeting, Pendeen, Cornwall, July 24, 12.15 pm.

TANJONG TIN DREDGING—Results for 1979 already known. Shareholders' funds £592,082 (£605,780). Cash increased by £16,347 (decreased £17,058). In June 1980 Pahang Consolidated held 29.8 per cent; Gopeng Consolidated 8.74 per cent and Tien Ik Enterprises 15.3 per cent. Chairman says although production during recent months showed marked improvement results for current year only likely to be comparable with 1978 and 1979. Meeting, 65, London Wall, EC, July 24 at 12.30 pm.

MK ELECTRIC HOLDINGS (manufacturer of electric plugs, sockets and appliances)—Results for year to March 29, 1980, reported in full preliminary report on June 17. Shareholders' funds £31.65m (£27.35m); overdrafts £4.9m (£1.99m), bank balances and cash £0.27m (£0.29m). Historical pre-tax profits reduced to £3.74m (£6.34m) on CCA basis. Chairman says no volume growth can be expected in the UK this year. Board's policy is develop new products and to move into international market is yielding results and further progress is anticipated this year. Meeting, Chartered Accountants' Hall, Moorgate Place, EC, July 23, noon.

ARBUTHNOT LATHAM HOLDINGS—Results for year to March 31, 1980, reported June 20. Shareholders' funds £13.07m (£13.42m). Loans £4.78m (£5m). Medium-term bank loans £4.06m (£4.37m). Medium-term loans £4.15m (£4.42m). Banking current assets £95.11m (£98.15m). Non-banking current assets £65.42m (£48.84m). Liabilities of banking customers for acceptances £23.17m (£18.82m). Current deposit and other accounts including provision for tax, inner reserves and contingencies reserve £97.17m (£95.2m). Non-banking current liabilities £59.78m (£45.09m). Acceptances on behalf of banking customers £23.17m (£18.82m). Meeting, 37, Queen Street, EC, July 31, 12.30 pm.

EXCHANGE TELEGRAPH (specialised news agency, printer, telecommunications and advertising)—Results for year to March 31, 1980, already known. Shareholders' funds £13.38m (£12.02m). Historical pre-tax profits of £3.11m (£2.56m) reduced to £2.43m on CCA basis. Chairman says continued progress of group in a period of high inflation and in a generally depressed economy reflects success in all areas of activity. Mr John C. Harvey is to resign as chairman after the annual meeting and he will be succeeded by Mr. Alan B. Brooker. Name of parent company is to be changed to Extel Group. Meeting, Extel House, East Harding Street, EC, July 24, noon.

CHAMBERLIN & HILL (castings and electrical switchgear)—Results year ended March 31, 1980, reported May 22. Shareholders' funds £4.3m (£2.6m). Fixed assets £3.67m (£2.15m), net current assets £0.98m (£0.71m) including overdrafts £0.31m (£0.16m). Directors feel that group has flexibility to adapt to changing circumstances. Capital expenditure being maintained in current year. Meeting, Walsall, July 25, at noon.

BEECHWOOD CONSTRUCTION (HOLDINGS)—Results for year to March 31, 1980, already known. Shareholders' funds £3.57m (£3.26m). Bank overdrafts and loans £1.6m (£2.49m). On CCA basis group profit before tax reduced to £71,138 (£398,345). Chairman believes opportunities exist for group's further growth provided company can retain its competitive position. Meeting, Oregon Hotel, Swansea, July 24, noon.

BURNETT & HALLAMSHIRE HOLDINGS (mining and construction group)—Results for year to March 31, 1980, and prospects reported June 27. Shareholders' funds £25.56m (£11.64m), fixed assets £24.86m (£10.7m), bank balances and cash £1.94m (£1.7m), hire purchase creditors due after March 31, 1981, £2.24m (£2.53m). Meeting, Sheffield, July 24, at noon.

ARMITAGE SHANKS GROUP (bathroom equipment)—Results for year to March 29, 1980, and prospects, reported June 5. Historic pre-tax profit of £6.27m reduced to £3.21m on CCA basis. Shareholders' funds £28.88m (£25.6m). Loan capital £860,000 (£978,000), other loans £386,000 (£615,000). Bank and cash balances £678,000 (£386,000). Overdrafts £3.16m (£3.86m). Accounts refer to inability of directors to express opinion on value of company's investment in Armitage Shanks Iran Private Company. Auditors Peat Marwick Mitchell and Co. concur with directors' view. Meeting, Chamber of Commerce House, Birmingham, July 25, noon.

BRITISH & COMMONWEALTH SHIPPING COMPANY—Results for 1979 and prospects reported June 13. Shareholders' funds £145.98m (£134.32m), unsecured loans and deposits £3.07m (£4.37m), bank overdrafts £12.19m (£11.2m), deposits and bank balances £25.89m (£44.54m). Caledonia Investments owns 49 per cent of the ordinary capital. Meeting, London EC, July 22, at noon.

MONKS INVESTMENT TRUST—Results for year to April 30, 1980, announced May 29. Investments listed at market value in Great Britain £33.16m (£45.26m). Overseas investments £24.90m (£20.47m). Franked investment income £2.33m (£1.60m). By year end all dollar loans had been repaid. In February company borrowed £3.5m from The Royal Bank of Scotland, investing proceeds in equities, mainly in UK and the U.S. Interest on loan will have some effect on earnings in the current year, but board believe the figures will be about the same as they would have been last time without the non-recurring dividends. Total dividend in excess of last year's basic 2.25p is forecast. Meeting: Great Eastern Hotel, EC, July 23, 10 am.

BPB INDUSTRIES (manufacturer of plaster, plasterboards and related materials)—Results for year to March 31, 1980, reported on June 26. Shareholders' funds £151.48m (£125.29m); short-term deposits and cash £8.99m (£16.21m); bank overdrafts £6.94m (£5.29m). Historical pre-tax profits reduced from £47.1m (£35.4m) to £25m (£23m) on a CCA basis. Reserves at year-end £208m (£184m). Chairman says that, with the exception of Canada, all overseas subsidiaries have made a satisfactory start to the year. Company continues to be optimistic about the longer term and has yet to benefit from its new venture into glass fibre insulation. Meeting, Ferguson House, Marylebone Road, NW, August 1, noon.

A. G. Barr profits ahead slightly to £950,000

INCLUDING INTEREST payable of £181,000 against £60,000, taxable profits of A. G. Barr and Co., soft drink manufacturer, were ahead slightly *from £934,000* to £950,000 for the half year ended April 26, 1980. Turnover was up by 15.8 per cent to £12.42m.

Trading profits were down from £874,000 to £769,000, the directors blaming plant installation costs for the fall.

Mr. Robin Barr, chairman and managing director, says that although sales were adversely affected in some areas by the stoppage in the steel industry, distribution of the company's canned products was not disrupted, due to a high build-up of container stocks.

First-half earnings per 25p share are 7.22p (7.1p) and the interim dividend is unchanged at 1.25p—last year's final was 3p paid from record profits of £2.53m.

Tax takes £494,000 compared with £486,000, leaving net profits at £456,000 (£448,000).

Despite a delay caused by the steel strike, the construction of company premises at Wishaw started in May, and is on schedule for occupation by next May.

The Manchester sales depot at Moston is to be redeveloped, at a cost of over £500,000, and a start is scheduled for the middle of this month.

BHS is below target

SIR JACK CALLARD, chairman of British Home Stores, paid at yesterday's AGM that the widely-reported deterioration in UK retail trading conditions over the past weeks was affecting the group.

He said: "*Our own experience* confirms these reports to the extent that sales are running below the targets we set ourselves at the beginning of the financial year. But the statement regarding sales which I made in the document recently circulated to shareholders concerning our proposal to raise capital, remains unaltered.

"It is predicted that the volume of total retail sales in the UK will be lower than last year. In these circumstances, our profit performance will depend on our ability to continue to increase our market share and control expenses."

The plan to raise £25.6m by way of a rights issue to aid the development programme was announced in mid-June. At that time the company said sales in the first nine weeks of the current year show an increase of 18 per cent.

In the year ended last March, taxable profits were £41.82m, compared to £33.58m, on turnover including VAT up from *£324.19m* to *£401.26m*.

Milford quiz would-be directors

MR. CHARLES SMITH, chairman of Milford Docks Company, has postponed for three weeks the annual meeting in order to quiz a new *group of shareholders* who want to join the board.

The annual meeting, which was to have taken place next Tuesday, will now be held on July 31. Meanwhile, Mr. Smith and his fellow directors have sent the aspirants a detailed questionnaire about their intentions.

This is the second time in six months that a boarding party has approached Milford, which operates a *small dock business* in the Milford Haven estuary.

In January three individuals, headed by Mr. Richard Eldridge and his Sanoil company, tried to get themselves onto the board but were repulsed.

Now one of the signatories to their attempt, Mr. Faik Aydin Ezen, is heading another trio. This time the other two names are Mr. John Knowles, an associate member of stockbrokers Charles Stanley, and Mr. James Noel McTavish Thomson-Moore.

The delay of the annual meeting while Mr. Smith tests whether the three men are friend or foe will not cost shareholders their final dividend. In place of the final, a third interim dividend of 3.422p is to paid as arranged on July 8.

Ashley Indl. jumps to £0.41m

PRE-TAX profits of Ashley Industrial Trust, formerly Thames Plywood Manufacturers, expanded from £252,306 to £407,921 for the year ended April 30, 1980, helped by acquisitions. Turnover increased to £3.6m, compared with £2.83m.

The net total dividend is raised from 2.3p to 3p, with a final of 1.8p. Stated earnings per 25p share are higher at 9.47p (7.67p) after tax of £162,557 (£88,201).

The directors say that, following trading losses in Thames Plywood Manufacturers, production will cease at the company's plant at Barking, Essex, in September.

The long-term decline in the demand for the company's products has worsened in the last six months and management no longer feels able to forecast the return of a position in which the plant will operate economically. It is intended to sell the plant, machinery and premises.

Statutory redundancy and other severance costs are likely to be about £270,000 but no other material costs are expected. *There are no outstanding contracts* on which penalties will arise, the directors say.

British Plywood Manufacturers will continue to function independently and will be expanded to the limit of its productive capability in the course of rationalisation, they add.

FOSTER BROTHERS

Foster Brothers, which controls over 700 retail outlets, has formed a new division called Blue Movers.

This division will concentrate on the market for jeans and casual clothes. It is planned to open a further eight branches within the next six months to complete the first phase of expansion.

Technology earns and pays more

REVENUE, AFTER tax of £458,801 against £394,571, of Technology Investment Trust, came out higher at £894,471 for the year ended May 31, 1980, compared with £628,221.

And the dividend is stepped up to 4.46p (3.1p) net per 25p share, with a final payment of 2.6p—the total includes a special 0.36p in respect of payment of arrears of dividends received.

Gross revenue for the year *amounted to £1.46m* against £1.12m, and earnings per share are shown as 4.53p (3.18p).

Humphries borrowing still too high

Total indebtedness at Humphries Holdings, developer and printer of motion films, represented by bank overdrafts and loans from the holding company, British Electric Traction, was reduced from £2.4m to just under £1.8m during 1979-80.

Even so the directors consider this level to be too high and hope that further reductions will be possible during the current year.

As known Humphries pushed taxable profit ahead from £604,331 to £1.05m last year. However, had it not been for the £727,000 surplus arising on revaluation of long leaseholds a deficit of some £52,000 would have been carried forward.

This means that past losses have not yet been re-couped by profits realised in cash and this situation has lead to the heavy borrowing, the directors note. Out of the last 10 years the company has been in loss on five occasions, the most recent being in 1976-77.

Plascut Group receivers appointed

Mr. Tony Richmond and Mr. Peter Seaman of chartered accountants, Peat Marwick Mitchell and Co., Sheffield, have been appointed joint receivers and managers of Plascut Group, the metal profile cutters.

The receivers say the business, which has a workforce of nearly 100 at three locations, will continue while its future is considered.

Coates Bros. S. Africa ahead midway

The 68.4 per cent-owned South African subsidiary of Coates Brothers, manufacturer of packaging and printing supplies, has pushed its first half taxable profits up by 34 per cent.

The surplus for the six months to April 30, 1980 rose from R469,000 to R629,000 and the management expects higher sales and profits in the second half. Pre-tax profits for the whole of the previous year were R1.37m.

Turnover rose from R7.07m to £8.81m. There is no interim dividend—a single payment of 13 cents was made for 1978-79.

APPOINTMENTS

Lloyds Bank first woman regional director

Commandant Vonla McBride has been appointed a regional director of the Central London regional Board of LLOYDS BANK, which sits at Lombard Street under the chairmanship of Sir Peter Matthews. Commandant McBride is the first woman to be appointed a regional director of a Lloyds Bank regional Board. She joined the Women's Royal Navy Service in 1949 and was a director of that Service from 1976 to 1979.

*

Mr. J. D. W. Stobart has been appointed a director of FULCRUM INVESTMENT TRUST.

*

Mr. John R. Storar, formerly deputy chairman of DRAYTON PREMIER INVESTMENT TRUST, has been appointed chairman following *the resignation* of Mr. Philip Shelbourne as director and chairman on his appointement as chairman of BNOC. Mr. L. Jeremy Fillenham and Mr. Nicholas A. D. Johnson have been appointed to the Board of DRAYTON MONTAGU PORTFOLIO MANAGEMENT.

*

Mr. Bernard L. Jones, has joined the partnership of HALL, GRAHAM, BRADFORD AND CO., stockbrokers.

*

Mr. P. D. Carter, managing director, the Littlewoods Organisation, has been elected chairman of THE MAIL ORDER TRADERS' ASSOCIATION of Great Britain to succeed Mr. Anthony Rampton of Freemans (London, S.W.9.).

*

Mr. M. C. Abbott, joins the Board of BRABY LESLIE on September 1 as a non-executive director.

*

Mr. R. E. Utiger has been appointed a managing director of TUBE INVESTMENTS on completing his secondment as interim chairman of the British National Oil Corporation. While the greater part of Mr. Utiger's time will be spent on TI Group affairs, he will also continue as chairman of British Aluminium.

*

Mr. Parry Rogers, director of personnel and Europe for the Plessey Company, has been appointed chairman of the INSTITUTE OF DIRECTORS Industrial Relations Committee.

*

Lord Peart, Leader of the Opposition in the House of Lords and former Minister of Agriculture, Fisheries and Food in two Governments, has been appointed to the Board of the ECONOMIC FORESTRY GROUP.

*

GRANADA THEATRES has appointed three new directors: Mr. W. H. Butters, (Marketing), Mr. M. R. Robinson, (operations) and Mr. J. Whittaker (financial).

*

CROUZET, the UK subsidiary of the French automation control group, has made three appointments: Mr. Richard Healey as commercial director, Mr. Michael Fleming, national sales manager, and Mr. Jack Clarke, sales manager for Ireland.

*

NORTHERN TRUST COMPANY, the Chicago-based international bank, has appointed Mr. Jeffrey F. Ruzicka as vice-president and general manager of its London branch. He will replace Mr. John W. Taylor III, who is returning to Chicago to become deputy head of Northern Trust Company's international department. Both will work together until the appointment becomes effective on September 1.

*

Mr. Odysseus S. Bellenis has been appointed director, developing countries, for the INTERNATIONAL WOOL SECRETARIAT. He will be based in Cairo from July 1.

*

PICTORIAL MACHINERY, part of the Monotype Group, has appointed Mr. Dennis Bradley as sales director.

*

PHILLIPS PETROLEUM EUROPE-AFRICA states that Mr. T. D. Fitzmaurice is promoted to vice-president, natural gas liquids (N.G.L.) and chemical feedstocks, petroleum products group, Europe-Africa division.

*

Mr. Robert E. Vanden Bosch has been elected senior vice-president of HARRIS BANK, Chicago. He is head of the bank's international banking activities, including its foreign bank and representatives offices in eight countries.

INTERNATIONAL COMPANIES and FINANCE

Ahmanson buys out Californian house loans competitor

BY STEWART FLEMING IN NEW YORK

IN A move which will strengthen its position in northern and central California, H. F. Ahmanson, the largest savings and loan association (S and L) in the U.S., has agreed in principle to buy one of its competitors, Fidelity Financial Corporation, for $137m.

The proposal is the third in a succession of acquisition proposals involving the California savings and loan industry, a trend which has been prompted partly by the difficult conditions the industry has been experiencing because of high interest rates, and by legislative changes which promise intensified competition between commercial banks and savings and loans associations.

Savings and loans associations are the major lenders for private house purchase in the U.S., akin in some ways to British building societies, except that generally they are private corporations rather than mutual societies.

Rising interest rates through most of last year, coupled with a weakening housing market and the tradition of lending on home mortgages at fixed interest rates, have severely hurt the profitability of the industry. Ahmanson, which owns Home Savings and Loan of California and has assets of over $12bn, saw its earnings fall sharply in the first quarter, and some analysts have forecast that this year it will earn only around $75m net of tax, compared with $117m last year.

But Fidelity Financial, which has 82 offices in California, compared with 105 for Home Savings and Loan, has been even harder hit by conditions in the industry. The company, which has assets of $2.5bn, reported earnings of only 14 cents a share in the first quarter compared with 70 cents a share in the same period of last year. For the whole of 1979 it earned $15.9m or $2.48 a share.

Savings and loan associations are a key sector of the economy of California because of its active and at times, speculative, housing market. Earlier this year, in an unusual diversification move, National Steel, the fourth largest U.S. steel producer, completed the purchase of United Financial Corporation. Subsequently, Great Western Savings and Loan, the second largest U.S. savings and loan association, proposed to purchase Financial Federation, a merger which would create a unit with assets of $12bn.

Sharp rise in Tyco profits

BY OUR FINANCIAL STAFF

TYCO LABORATORIES, the diversified manufacturer of safety, fire protection and other products, had a 50 per cent jump in its fourth quarter net earnings to $6m or $1.27 a share on a 47.6 per cent rise in sales to $89m.

This pushed net profit for the year ended May 31, 1980 to $21.2m, or $4.69 a share, up 88 per cent from a year earlier. Sales rose 48 per cent to $320.3m, suggesting that gross margins have widened significantly.

The net figure also reflects the first-time contribution of Armin Corporation, which was acquired last September.

The year's results exclude capital gains of $1.4m from disposal of its investment in General Signal against a gain of $6.5m from the sale of its stakes in Cutler-Hammer and Trane in fiscal 1979.

Although electrical and electronic products accounted for only about 25 per cent of its sales last year, they brought in about 52 per cent of its profit.

In January this year, Tyco acquired 14 per cent of Muirhead, which manufactures facsimile transmission systems and other products.

Champion sees decline

BY OUR FINANCIAL STAFF

CHAMPION SPARK PLUG expects its second quarter net profit to show a sharp 70-80 per cent decline from the 32 cents a share achieved a year earlier.

The company attributed the projected decline to a drop in sales of spark plugs in the U.S., saying that second quarter sales would be appreciably lower than in the previous year. However, June sales were about equal to those of the previous year.

It said it could not judge if the June figures were an indication of an improvement to more normal sales levels.

For all of last year per share earnings at Champion totalled $1.49 compared with $1.45 in 1978.

Kollmorgen to raise £6.5m on Euromarket

By Francis Ghilès

KOLLMORGEN CORPORATION, a U.S. company specialising in electro-optical instruments, is raising £6.5m through an offering of debentures in the Eurobond market by its wholly owned subsidiary, Kollmorgen International Finance NV.

The term of the 15-year debentures, which will be convertible into common stock of Kollmorgen Corporation, will be fixed just before the offering date, expected to be in mid-July. Joint lead managers of this issue are Merrill Lynch International and S. G. Warburg.

Elsewhere in the Eurobond market the sour climate of recent days continues. In the dollar sector the new issue for the Province of Nova Scotia closed at 94-94½, having been quoted even lower at the start of business yesterday morning. This despite the fact that the lead manager, McLeod, Young Weir International trimmed the amount of the issue by a third to $50m, increased the coupon by ¼ per cent to 10¾ and priced the bonds at 99½ instead of the indicated 100.

Full allotments were given to the underwriters, as was also the case with the $50m, 11 per cent issue for United Biscuits which starts trading tomorrow. This issue was quoted in pre-market trading yesterday less 5½-4½.

The current investors' strike is affecting virtually all recent issues. One notable casualty is the 9¾ per cent European Investment Bank bond. Yesterday it was quoted by the lead managers at 92½-¾. Elsewhere the $100m seven-year bond for Pembroke Capital Corporation, with a coupon of 9¾ per cent, was quoted at 94-95.

The weakness of the dollar sector is now spreading, albeit in a milder form to the foreign D-Mark bond sector, where prices fell for the third day running. Most issues shed about ½ of a point in the secondary market while Dresdner Bank brought the indicated coupon on its DM 100m seven-year offering for Iberduero up by ¼ of a point to 9 per cent.

BHF Bank is arranging a DM 130m 6½-year convertible bond for Daiei, Japan's largest retail chain. The borrower is paying a coupon of 6 per cent and the note holders will have the option of redeeming the bonds after five years at 110, the first time such a put option has been offered in a D-Mark denominated convertible bond.

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BORROWER PROFILE — MEXICO

Seeking new ways to raise money

BY PETER MONTAGNON AND FRANCIS GHILES

MEXICO, which is one of the most prolific borrowers on international markets, is looking at two new ways of raising finance. It has begun sounding out UK institutions on the possibility of borrowing long-term in sterling, while later this year it expects to become the first developing country to float commercial paper in the U.S.

These developments underline both the imaginative approach of the Mexican Government towards its debt management and the country's new-found credit worthiness among international banks.

Largely because of its oil wealth, banks are increasingly inclined to put it on a credit footing closer to those of second rank industrial countries rather than the developing country group to which it belongs. The recent success of a $125m fixed-rate Eurobond for Pemex, the State-owned oil company confirms this, as LDC borrowers have normally no access to this sector of the market.

In London this week, Sr. Gustavo Romero Kolbeck, the Governor of the Central Bank, explained that the decision to aim for long-term finance from UK institutions follows on from Mexico's approach to the insurance market in the U.S. last year.

In its quest for long-term money, Mexico last year requested a relaxation of the rule barring U.S. insurance companies from lending more than 1 per cent of their assets overseas. It would like to be able to tap these assets on the sort of preferred basis already accorded to Canada. A 1 per cent allocation would give it access to some $3bn in long-term institutional funds.

The application to relax the rule was made initially to insurance companies in New York state, the most important insurance market in the U.S. It is still under consideration and Sr. Kolbeck is confident of a successful outcome.

Meanwhile UK institutions are also viewed as a potential source of funds because, with oil revenues reducing the public sector borrowing requirement in the next few years, they will have less scope for investing in gilts.

It is obviously early days to talk in concrete terms, but the hope is that the smaller UK demand for funds would create a chance for sovereign borrowers such as Mexico to raise 20-year money in Britain. This would certainly help improve Mexico's debt profile which Sr. Kolbeck said is very important to debt management strategy.

The commercial paper venture is to be carried out through the state financing concern, Nafinsa, which aims to raise $200m in this way during the autumn. U.S. bankers say Nafinsa is virtually assured of obtaining the top A1P1 rating for its paper. Later Pemex, too, could tap this market.

For this year, Mexico expects net external public sector borrowing to total around $3.4bn, little changed on the 1979 figure of $3.3bn. Gross borrowing requirements, originally estimated at some $11bn, have been cut to around $8bn basically because prepayment of existing borrowings will be lower than earlier expected.

Of the total, about $3.5bn has already been raised. This is slightly less than half the overall requirement, but as Mexican officials point out, high interest rates in the first half of the year made international borrowing less attractive.

The largest individual portion of finance already arranged was a $800m package negotiated with French, German and Canadian banks to coincide with the visit of President Lopez Portillo to those countries in May.

This package attracted attention because of the fine spreads. Eight years money was sought from German and French banks at a split spread of ½-⅝ over London interbank rate. On the Canadian side, Bank of Montreal provided $250m over seven years at a flat margin of ½ per cent.

This last element seemed initially to confirm Mexico's excessive ambition as regards spreads. Bank of Montreal appeared to have difficulty selling the credit to fellow Canadian institutions and ended up taking the whole amount on to its own books. The bank says it regards the credit as "a very good asset," while Sr. Kolbeck added this week that the decision to go it alone was a voluntary one on the part of the bank. Offers were forthcoming from other Canadian banks, he said, but Bank of Montreal decided not to take them up.

Despite the sharp rise in oil prices, Mexico will still have a current account deficit this year of about $3.5bn compared with $4.2bn last year. Next year, officials say, it should narrow more sharply to about $2.5bn.

This year's result would have been much better were it not for a drought which led to the need for $1bn of imported cereals and sugar, of which Mexico is normally an exporter.

At the same time, consumer prices rose by 13.2 per cent in the first five months compared with a target of 20 per cent for 1980 as a whole. Because of this, Sr. Kolbeck said he has not plans to maintain an artificially high exchange rate. A policy of slow and orderly depreciation is preferred, as this will keep manufacturing exports competitive.

Oil exports this year are expected to jump to around $12-$13bn from somewhat over $4bn last year. This reflects not only price increases but also crude oil exports of some 300m barrels compared with 195m in 1979.

Against this, Mexico's total public-sector external debt seems small: $31.5bn as of June 15, an increase of $1.76bn since the end of last year.

Mexico's reserves at the end of last year totalled some SDR 1.6bn ($2.1bn). About 28 per cent is held in gold, 60 per cent in dollars and 12 per cent in other currencies, reflecting debt obligations in Deutsche Marks, Swiss Francs and Yen.

MEXICO'S DEBT SERVICE REQUIREMENTS ($bn)

	Principal	Interest
1981	3.4	2.5
1982	3.7	2.3
1983	3.5	1.9
1984	4	1.5

International lenders tend to see Mexico as closer to second-rank industrialised nations than to the group of developing countries to which it more accurately belongs

IBH buys stake in U.S. machinery manufacturer

BY OUR FINANCIAL STAFF

IBH HOLDING, the acquisitive West German construction machinery group, has bought a 5.5 per cent stake in Pettibone Corporation, a Chicago-based group with similar interests, signalling the direction of the German group's major push into North America.

IBH, which in five years has built itself into the largest construction equipment group in Europe, paid $3.2m for the 136,700 shares and said in its filings with the Securities and Exchange Commission in Washington that it might buy up to 500,000 more shares.

If IBH is able to purchase the additional shares it would hold a little more than 25 per cent of Pettibone's capital.

IBH said it had discussed with Pettibone buying 600,000 shares directly from it, but these discussions had been ended at Pettibone's request. The German group said that if discussions were reopened and the purchases made the number of shares bought on the open market "might be reduced accordingly."

IBH said it did not have any plans for major changes in the company, although its intentions depended on the continued participation of Mr. E. J. Seifert, the president and chief executive officer, in Pettibone's management.

Pettibone produces steel castings, slurry pumps, mechanical handling equipment, fork lift trucks, industrial trucks, trailers and tractors, and equipment for the forest industry.

In the 12 months ended March Pettibone had pre-tax profit of $22m and net profit of $11.7m on sales of $354.

IBH expects its turnover to reach about DM 1.2bn ($680m) this year. Although as a private company it has given no indication of its profitability, it has acquired mostly loss-making companies suggesting a deficit would be likely.

Venezuela to reassure lenders

BY PETER MONTAGNON

SR. HERNAN OYARZABAL, Venezuela's director of Public Credit, is to visit Europe next week to reassure international bankers about late payments of interest and principle on short-term debt incurred by the country's state agencies.

The visit comes at a time when Venezuela is seeking to arrange a $1.2bn seven-year credit with a margin over London interbank rates of ⅝ per cent for the first two years and ¾ per cent for the remainder.

The credit is designed to consolidated some of the country's short-term debt. State agencies have been heavy borrowers on the Euromarkets for periods of up to two years because longer-term external funding requires Congressional approval, which is difficult to obtain.

Amounts raised in this way are widely believed to exceed $6bn and bankers have recently been increasingly exasperated by the propensity of some of the borrowers to delay payments on their credits. This is seen as being caused by poor management of the debt rather than to any fundamental problems over Venezuela's ability to pay.

Slower growth in sales at Kroger

By Our Financial Staff

KROGER, the major supermarket and drugstore operator, has reported a 19 per cent rise in its second quarter net profit to $27m while sales rose 11 per cent to $2.3bn.

However, for the 24 week period ended June 14, net profit was ahead by only a marginal 3.2 per cent to $39.4m. The first half profit figure was affected by a poor first quarter, which saw net profit slipping some 20 per cent despite a 14 per cent increase in sales to $2.2bn. This was attributed to a strike in 50 of its shops in West Virginia, competitive forces and rising costs.

Half-year net earnings per share were $1.43 as against $1.40 last year. The comparative figures for 1979 have been restated to reflect the change in its accounting from FIFO to LIFO.

Kroger, which is the second largest food retailer in the U.S., operates more than 1,200 supermarkets in 21 states and a chain of over 500 drug stores under the name SupeRx.

The food business accounted for the lion's portion—93 per cent—of its profit last year. Net earnings last year were slightly ahead at $85.7m, against $84.6m.

LTV-Kaiser talks ended

By Our Financial Staff

LTV Corporation, the U.S. conglomerate which includes the Jones and Laughlin steel concern, has decided not to go ahead with talks on the possible acquisition of Kaiser Steel Corporation, the California group.

LTV said its investigation of Kaiser's loss-making Fontana integrated steel plant and other assets indicated they did not fit in with its long-range plan. Talks between Kaiser and Nippon Kokan, the Japanese steelmaker, on the takeover of the Fontana plant came to nothing earlier this year. Kaiser in the past year sold its Australian iron ore interests, a major part of its U.S. resource investments and last of its shipping interests.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	92¾	92⅞	−0¼	−0¾	11.36
Australian Res. 9¾ 84	30	96¼	96¾	−0⅛	−0¼	10.72
Beneficial Fin. 9¾ 87	100	91½	91¾	−0½	−2	11.58
Bnl. Oxygen F. 10¾ 90	50	96¾	96¼	−0⅛	−0¼	11.46
CECA Grad. Rate 12 86	100	98⅞	99⅜	−0¼	−0¾	11.39
CECA 11¼ 90	50	98¾	99	−0⅛	−1½	11.34
CECA 11½ 88	100	100	100½	0	−1½	11.44
Carter Hawley 9¾ 86	50	91⅞	92⅜	−0½	−1½	11.65
Citicorp O/S Fin. 10 86	300	95½	95⅞	−0⅛	−0¼	11.04
Continental Grp. 9⅜ 89	100	92½	93	−0⅛	−1⅜	11.38
Denmark 11⅜ 90	100	99¼	99¾	−0⅛	−1¼	11.86
Dome Petroleum 13½ 92	50	103	103½	−0⅞	−1⅛	12.93
EEC 11 95	75	95¾	96¼	−0½	−1⅛	11.67
EIB 11¾ 92	80	98½	99¼	0	−0⅞	11.91
EIB 13¾ 90	100	105⅝	106⅛	−0⅛	−2	12.64
Exportfinans 11½ 87	50	99⅜	100⅞	−0⅛	−1⅛	11.24
Elec. de France 10 88	125	96	96½	−0⅛	−0⅛	10.72
Export Dv. Cpn. 9¾ 84	150	96½	97	−0⅛	−1⅛	10.74
Export Dv. Cpn. 12⅜ 87	100	105	105½	−0½	−1	11.58
Federal Dev. Bk. 12¼ 85	75	103¼	103¾	−0⅛	−1½	11.26
Finland, Rep. of 9½ 86	100	92⅞	93½	−0⅛	−1½	11.17
Ford O/S Fin. 12⅜ 85	250	99¼	99¾	−0⅛	−1⅛	12.74
George Weston 13½ 87	30	†101¾	102¼	−0⅛	−0⅞	13.03
GMAC 9⅜ 86	100	92⅞	93⅜	+0½	−1⅛	10.87
GMAC O/S Fin. 11 84	100	99¼	99¾	−0⅜	−1⅜	11.61
GMAC O/S Fin. 13⅜ 85	100	104⅞	105⅜	−0⅛	−1½	11.87
Goodyear O/S 12½ 87	75	98¼	98¾	−0⅛	−0⅞	12.83
Hudson's Bay 11½ 90	75	97½	98	−0½	−0⅞	11.89
IBM Canada 10½ 86	50	99⅛	99⅝	0	−1½	10.60
ICI Fin. Ned. 11 83	100	99½	100	−0½	−1⅛	11.09
McGraw 13½ 85	75	101⅝	102⅛	−0½	−1⅜	12.92
Michelin 10 94	125	89¼	89¾	−0⅛	−2	11.53
Nat. Dev. Telecm 9½ 86	100	94¼	94¾	0	−1½	10.79
Norwest Ind 13⅜ 87	50	100⅝	100⅞	−0⅛	−0⅛	13.39
Pemex 11½ 86	100	97½	98	−0⅛	0	11.95
Quebec Hydro 11½ 92	100	97½	97¾	−0⅛	−1⅜	11.92
Rovleaso Ltd. 11⅜ 85	50	99½	100⅛	−0⅞	−1½	11.21
SNCF 12⅜ 85	50	103⅛	104⅛	−0⅛	−1⅛	11.21
Statoil 9⅜ 89	100	92⅞	93½	−0½	−1⅜	10.85
Swed Ex Cmd. 12½ 85	40	103¼	103¾	0	−1	11.48
Sweden 9¾ 84	100	96⅞	97⅜	−0⅛	−1⅛	10.71
Warner-Lambert 9 84	100	94	94½	−0⅛	−1½	10.85

Average price changes . On day −0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	101½	102	−0½	−1½	8.72
Asian Dev. Bank 10 00	200	108⅜	109⅜	0	−0⅞	8.63
Australian 8½ 90	250	101⅜	102½	−0⅛	−0⅛	7.85
BFCE 7¾ 87	100	99	100	0	0	7.94
BFCE 8¼ 95	100	99¼	100¼	0	−0⅛	8.18
Brazil 8 87	150	93⅜	94⅜	+0⅛	+0½	8.18
CECA 7 91	150	91⅜	92⅜	−1	−1⅜	8.17
Council of Eur. 7¾ 89	100	94½	94⅞	−0⅛	−0⅛	8.14
Denmark 7⅞ 89	100	97⅞	98⅜	−0⅛	−0⅛	8.29
Denmark 8¼ 92	100	98½	99½	−0⅛	−1	8.33
EEC 7⅞ 94	225	98⅜	99½	+0⅛	−0⅛	8.02
[illegible]						

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

OTHER STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

[illegible]

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INTL. COMPANIES & FINANCE

Daimler-Benz lifts output and sales

BY KEVIN DONE IN FRANKFURT

IN STRIKING contrast to most of the German motor industry which has been moving sharply into reverse, Daimler-Benz has managed to marginally increase its car prodoction in the first six months by 0.2 per cent and has pushed up its turnover by 8 per cent to DM 14.8bn.

High capacity working leads the group to expect a "satisfactory" result for the whole of 1980.

Dr. Gerhard Prinz, chief executive, said yesterday that group turnover for the whole of 1980 should reach some DM 30bn, an increase of about 10 per cent over last year's total of DM 27.4bn. More than 430,000 cars should be delivered compared with 422,159 in 1980.

The growing weakness of the German car market—registrations of new cars fell by 11.9 per cent in the first five months and there was a fall of 20.2 per cent in May alone—means that Daimler-Benz must look increasingly to overseas markets. Exports in the first six months accounted for 46.2 per cent of the parent company's sales, against 42.7 per cent in the first half of 1979.

Daimler-Benz is hoping to reach new market sectors with the launch of its new smaller car as an addition at the bottom of the Mercedes-Benz range in the early 1980s, said Dr. Prinz at the company's annual meeting.

Delays in obtaining the necessary building permits for the planned plant extension in Bremen for this model meant that the company was having to prepare an alternative plan for starting assembly of the model at the existing Mercedes-Benz plant at Sindelfingen, near Stuttgart, he said.

Commercial vehicle production, which last year accounted for some 51 per cent of group turnover, was still benefiting from the high level of investment in capital goods in West Germany aod from continuing strong demand in foreign markets.

Worldwide, the group's commercial vehicle production should rise to 270,000 this year, said Dr. Prinz, compared with 256,000 in 1979, while domestic commercial vehicle output is expected to total more than 200,000.

In the first six months total output rose by 4 per cent to 129,700 vehicles. The strikes and labour conflicts in Brazil hit overseas production, however, and this showed a fall to 29,400 compared with 31,200 in the same period last year.

Veba sees slower growth in second half

BY OUR FRANKFURT STAFF

HAVING ENJOYED a record year in 1979, Veba, West Germany's largest industrial concern is expecting a "satisfactory" but reduced result for 1980.

The strong development of the first six months is unlikely to continue into the second half of 1980, Herr Rudolf von Bennigsen-Foerder, chairman of the group, said yesterday. The group's performance this year would not be as good as 1979.

Last year Veba increased group pre-tax profits by 75 per cent to DM 1.5bn on sales of DM 36.7bn.

A major improvement has been achieved in the group's glassware division this year, however. It managed to reach a break-even pointin April and May for the first time since the early 1970s.

Gross losses of some DM 180m have been accumulated since 1972 by the glass division. But following a fundamental reorganisation of the operation and a major reduction of stocks last year Veba's glass-making activties are expected to return to profit for 1980.

This recovery has taken much longer to take effect than expected, but the reduction of capacity has been completed and turnover of Veba-Glas was up by 15 per cent in the first five months of 1980 to DM 231.1m, while volume sales declinend by 3.2 per cent to 302,000 tonnes.

Deutsche Texaco, the West German Unit of Texaco of the U.S., had good profits in the first half of 1980 after earning *DM 190m ($108m) in 1979. The annual meeting* approved 1980 capital investments of DM 423m, about a third of which will be used for exploration and exploitation of oil and gas fields

Veba's oil operations have been hit by crude oil price increases, which have been passed on only in part in higher product prices. The West German oil products market is reflecting the slight over-supply of crude oil to the world market and Veba is unlikely to be able to impose higher prices to recover its extra costs in the short term.

Last year's profit of some DM 11 per tonne had fallen in the first five months to DM 6 per tonne, said Herr Bennigsen.

The group's refineries were working at a lower level of capacity as a result of the decline in oil consumption in West Germany in the first half of 1980. At about 80 per cent of capacity, however, the plants were still operating at some 9 per cent above the average for the oil sector.

Veba is also suffering a decline in volume sales in its petrochemical activities, which dipped by 8 per cent in the first four months. But the substantial price increases that have been pushed through, largely as a result of the increase in crude oil and gas feedstock prices, have meant that basic petrochemicals turnover rose by 31 per cent in the same period.

The main chemicals subsidiary, Chemische Werke Hüls, has managed in the first five months to increase volume sales by 8 per cent and turnover by 26 per cent, but the chemicals market is expected to be much weaker in the second half of 1980.

Veba's performance in electricity supply is being improved by its strong commitment to nuclear power. Last year 17.5 per ceot of its power station capacity was accounted for by nuclear power plants against a share of 10.6 per cent for the Federal Republic as a whole.

Through the commissioning and building of new nuclear power stations—two stations each of 1,300 MW are under construction in which Veba has a 50 per cent interest and a third, also of 1,300 MW, is waiting for planniog approval—Veba hopes to boost the share of nuclear power in its electricity production to 21.5 per cent or 3,827 MW by 1985, compared with a total West German nuclear power share of 17 per cent or 19,000 MW.

MORGAN GUARANTY REVIEW

Debt problems of Third World

BY PETER MONTAGNON

A SLUMP in international borrowing by non-oil developing countries during the first half of this year suggests that some may already be having difficulty financing the higher payments deficits they are incurring because of the rise in world oil prices. This is stated by Morgan Guaranty Trust in its latest World Financial Markets.

The bank says that external borrowing by this group amounted to only $7bn in the first half of 1980 compared with more than $12bn in the same period of last year.

It calculates that the 12 largest borrower countries in this group raised only $5.4bn through publicised international bond issues and medium-term credits during the first half. Their second half requirement is almost three times as large, at $15.1bn.

The second half of the year may therefore turn out to be a test of how smoothly the recycling process is working. At best, the bank says, some of these countries may have to accept a further increase in margins on syndicated loans; they may also have to scale down their requirements as well as having to have recourse to other forms of financing such as short-term borrowing, suppliers' credits and IMF loans.

By contrast, industrial countries raised almost $3.5bn more in international capital markets during the first half of this year than they did in the same 1979 period.

In the medium term credit market alone they raised $14.9bn compared with $10.6bn. Most smaller industrial countries have sharply increased borrowing requirements this year and, thus many are well under way towards meeting their needs, the bank says.

At the same time oil exporting developing countries have continued to be fairly heavy borrowers in the commercial markets. They raised nearly $9.5bn during the first half compared with about $10bn during January-June 1979.

All in all, Morgan Guaraoty says borrowing in the bond and credit markets picked up markedly in the second quarter after a very slow start to the year, so that by mid-year the total raised, at $53.1bn, was only $5.7bn short of the 1979 first half total.

The bond markets in particular enjoyed a sharp resurgence of activity in the second quarter led by a very heavy increase in the volume of dollar issues.

New international bond issues in the first half totalled $21.2bn compared with $21.9bn in the same period of 1979. The slower overall pace of borrowing was thus almost entirely due to a lower volume of new credits, which fell to $31.9bn from $36.9bn.

The credits total includes about $3.3bn in refinancing of old borrowings compared with $5.5bn in the 1979 period. Even after adjustment for this, the volume of new credits was some $3bn lower in the first half of this year than in January/June, 1979.

Endeavour tops family bid for White Industries

BY JAMES FORTH IN SYDNEY

ENDEAVOUR RESOURCES, a member of the group headed by Mr. Alan Bond, has again raised its partial takeover bid for White Industries. the New South Wales coal group in a move which places a capitalisation of around A$190m (U.S.$220m), on White against A$180m on the basis of previous offers. Endeavour is locked in battle for control with interests which inclnde the White family and the Japanese group, Mitsubishi Deevlopment.

The White camp claims the support of 53 per cent of the capital, but this includes 5.6 per cent held by the listed White associate, Mareeba Mining and 4.5 per cent recently issued to a staff share scheme. Endeavour, which holds 43.56 per cent of White Industries, has instituted legal actions seeking to invalidate the Mareeba and staff scheme holdings. It is also seeking the winding-up of Mareeba.

Endeavour yesterday sent out its formal offer documents which showed that its bid has been raised from A$20 a share to A$21. Endeavour is seeking 20.1 per cent of the remaining shares, which would give it 55 per cent of the capital. If the White camp stands firm it could not succeed, but it has also invited uncommitted White holders to offer all their shareholdings. The White camp itself has proposed a partial takeover bid, from a company—White Holdings—to be formed by the White family.

White Holdings, which is supported by Mitsubishi, will offer three of its shares for every one White Industries, with a cash alternative of A$20 a share, funded entirely by the Japanese group. Mitsubishi already holds 15.36 per cent of White Industries which enables White Holdings to speak for 35.78 per cent of the capital. It plans to lift its stake to 58 per cent through a formal invitation to White Industries' shareholders to sell.

The latest move makes the fifth partial offer for control of White Industries since the White and Bond factions came to deadlock.

Endeavour announced a bid of A$18 a share on May 12. This was topped by Mitsubishi which announced that it would make a partial offer of A$18.25 to lift its stake to 25 per cent of White Industries, for which it had approval from the foreign investment review board. Endeavour then raised its offer price to A$20, which was matched by the White Holdings proposal. Mitsubishi, in support of White Holdings, has scrapped its partial bid.

Burmeister hits export credit snag

By Hilary Barnes in Copenhagen

ATTEMPTS BY Burmeister and Wain, the Danish shipbuilding and engineering company, to obtain a DKr 100m ($18.3m) export credit guarantee to help finance construction of a series of bulk carriers have run into trouble, as a result of demands to the company by the Government.

The Government is apparently reluctant to give a guarantee to the company, as long as it is managed by Mr. Jan Bonde Nielsen, who is also the major shareholder.

The company, therefore, proposed to set up a separate company to run the shipyard under a management agreement with the Lauritzen shipping and shipbuilding group. The credit guarantee would then have been given to the new company.

Talks with Lauritzen, however, have broken down. The B and W board said it would now seek alternative arrangements which could satisfy the Government.

The Copenhagen shipyard has on order five 60,000 dwt bulk carriers and letters of intent from a Greek owner for two more vessels. But, because the export credit guarantee is dragging out, there is doubt whether the Greek owner will finally place his orders in Denmark. The company is also facing problems in concluding contracts with suppliers, as long as the credit guarantee has not been awarded.

Mr. Bonde Nielsen took over at B and W in 1974. He is at present facing an investigative charge of fraud, in connection with a company which he founded in the 1960s and which went into liquidation five years ago. Police have still to decide whether to press the charge or to drop it.

B and W officials claim that, as a result of the *liquidation* of a number of major assets this year, the company has strengthened its financial position.

INTL. COMPANIES & FINANCE

Hutchison loan stock issue for property development

BY RODNEY HOBSON IN HONG KONG

HUTCHISON WHAMPOA, the trading and property company, is to raise HK$600m (equivalent to some U.S.$120m) through the issue of 9 per cent unsecured loan stock, 1989-93, with warrants at par.

The issue will be used mainly to provide working capital for its property development. It will also re-finance short- and medium-term borrowing.

Cheung Kong (Holdings), which holds at least 3t per cent of the Hutchison equity, has undertaken to procure the acceptance of provisional allotments for a minimum of HK$160m, representing about 30 per cent of the ordinary shareholders' entitlement.

Schroders and Chartered, and Wardley are underwriting the remaining HK$440m of the stock. The stock will provisionally be allocated on a basis of HK$12 for every 10 ordinary shares held or 100 preference shares.

Brokers here feel the issue will benefit from the Hong Kong stockmarket being awash with funds from Sir Yue-Kong Pao's raid on Hongkong and Kowloon Wharf shares, in which he raised the stake of his interests in Wharf from 30 per cent to 49 per cent, at a cost of over HK$2bn.

Hutchison is embarking on its most ambitious programme of property development to date.

The largest development will be a 2.3m square foot site at Hunghom. The site, near the terminus for the Kowloon-Canton railway, is owned through its subsidiary, Hongkong and Whampoa Dock.

In April, Hutchison Whampoa announced a 44 per cent rise in profits to HK$332m. In addition, there were extraordinary profits.

After dividend payments, HK$424.7m was carried forward. At that time it was thought that Hutchison was taking a conservative approach that reflected the high cost of borrowing to finance development of its land bank.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amro Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19½%
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15 %.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	24.6.80	1.7.80	AVERAGE YIELD	24.6.80	1.7.80
OM Bonds	96.52	96.52	OM Bonds	8.256	8.250
HFL Bonds & Notes	93.62	93.60	HFL Bonds & Notes	8.716	8.720
U.S. $ Strt. Bonds	92.20	91.88	U.S. $ Strt. Bonds	10.505	10.571
Can. Dollar Bonds	92.33	92.04	Can. Dollar Bonds	11.240	11.301

Advance in earnings at LGV

By Our Johannesburg Correspondent

LEGAL AND GENERAL Volkskas (LGV), the unquoted South African insurance company in which Legal and General Assurance Society of the UK has a 30 per cent interest, increased its taxed attributable income by 22.6 per cent to R1.90m (US$2.5m) in the year to December 31, from R1.55m in 1978. The dividend payments absorbed R1.52m against R1.16m.

Last July, the British parent sold 70 per cent of the group to the South African banking group, Volkskas for about R20m (U.S.$26m). Part of this was passed on, leaving Volkskas with a 30 per cent stake and a further 20 per cent each held by Rembrandt and Momentum Insurance.

Life assurance, net of reassurance costs, continues to provide the largest proportion of income. Life premiums rose 19.3 per cent in the year to R40.8m, from R34.2m. While pension premiums were 19.9 per cent higher at R28.9m, compared with R24.1m. Investment income was 21.3 per cent ahead, at R34.7m, against R28.6m.

Johannesburg SE rules on suspensions tightened

BY JIM JONES IN JOHANNESBURG

THE JOHANNESBURG Stock Exchange (JSE) is tightening its rules to curtail share suspensions with effect from July 7. The major basis for suspension will rest on takeover or merger negotiations which are likely to be protracted.

If secrecy is not possible in such negotiations, quoted companies concerned will first have to approach the JSE with a copy of a Press announcement stating that negotiations are in progress and giving full details. This will have to be accompanied by a warning to shareholders to exercise caution in their trading until negotiations are concluded. In that case, a suspension may not be necessary or granted.

However, a brief suspension may be granted on the grounds of excessive share price fluctuations, and lifted once an announcement is made. Requests for suspensions, other than during takeover negotiations, will only be granted in exceptional circumstances and then only for brief periods. In any event, companies with suspended shares will be obliged to publish progress reports at 14-day intervals if the suspension is to continue.

At present, any quoted company can request suspension of trading in its shares for almost any reason, and have the request granted. Once that has been done, there is virtually no compulsion for a suspended share quickly to be re-listed.

Higher repayments for creditors of Gollin group

BY JAMES FORTH IN SYDNEY

CREDITORS of the Gollin group, Australia's largest international trading house until it crashed in August 1975, are expected to obtain a much higher repayment than originally forecast. The group operates under a five-year scheme of arrangement with the profitable trading assets concentrated in Gollin and Company.

Gollin Holdings, the remaining member and former parent of the group, does not undertake any trading and the creditors of the two companies are quite separate.

Gollin and Company, which retained the group's coal, timber, tea, coffee and other operations, has this week reported a rise in profit for the year to February 29 from A$3m to A$3.3m (US$3.8m). The accumulated profit for the first three years of the scheme is A$9.7m, compared with the initial projection of A$8.1m.

The former parent declared an extraordinary profit of A$7.6m, including A$4.9m from a reduction in payments to creditors. Creditors of Gollin Holdings will receive 4 cents in the dollar on September 30, making a total distribution to date of 17 cents in the dollar.

Gollin and Co. will pay 2 cents in the dollar for a total payment to date of 11 cents. Mr. J. Rodger, the scheme administrator, has revised his earlier projections of 30 cents in the dollar for Gollin Holdings and 52 cents for Gollin and Co. to 35 cents and 75 cents, respectively. It is also proposed to offer the assets of Gollin and Co. for sale next year after the end of the fourth year, rather than at the end of five years as originally planned.

Mr. Rodger expects increased interest in the assets, particularly the coal, and hopes that the sale will obtain as much as A$70m, which would enable full repayment of creditors and allow some excess for distribution to shareholders.

Approaches have already been received from a wide range of business interests, including overseas oil groups, local listed companies, sharebrokers, merchant banks, and institutions. Some sharebrokers had suggested refloating Gollin on the exchange lists, but Mr. Rodger rules out this option.

Profits rise at Malayan Breweries

By Georgie Lee in Singapore

MALAYAN BREWERIES, the largest brewery group in Singapore and Malaysia, has reported a 22.3 per cent rise in group profit for the six months to March to S$11.9m (U.S.$5.6m) against S$9.7m for the first half of 1979.

Pre-tax profit was 19.8 per cent higher at S$19.4m and the tax went up by 16 per cent to S$7.5m. Group turnover rose by 18.5 per cent to S$186.5m (U.S.$88.4m). The interim gross dividend is 10 per cent.

CURRENCIES, MONEY and GOLD

Pound eases

Sterling lost ground in late trading in the foreign exchange market yesterday, while the dollar finished weaker on the day against most major currencies. The pound opened at $2.3575-2.3585, and touched a peak of $2.3640-2.3650 in very quiet trading. On the other hand the lower trend in London interest rates pushed sterling down to a low point of $2.3555-2.3565, before it recovered slightly to close at $2.3570-2.3580, a fall of 27 points on the day. The pound's trade-weighted index, as calculated by the Bank of England, fell to 74.4 from 74.5, after standing at 74.5 at noon and in the morning. The dollar's index, on Bank of England figures, fell to 83.3 from 83.5.

The U.S. currency traded within a range of DM 1.7560 to DM 1.7625 against the D-mark, and closed at DM 1.7580, compared with DM 1.7620 on Tuesday. The dollar finished at Y218.50 compared with Y219.55 in terms of the Japanese yen, and fell to SwFr 1.6185 from SwFr 1.6270 against the Swiss franc. The Italian lira was firmer in the forward market, after Tuesday's sharp fall, but lost ground for spot delivery.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of Euro-currency interest rate differentials.—The D-mark weakened against most of its EMS partners at the Frankfurt fixing. The French franc rose to DM 43.145 per 100 francs from DM 43.09; the Dutch guilder to DM 91.375 per 100 guilders from DM 91.29; the Belgian franc to DM 6.257 per 100 francs from DM 6.251; the Danish krone to DM 32.31 per 100 krone from DM 32.21; and the Irish punt to DM 3.7620 from DM 3.7490. On the other hand the Italian lira fell to DM 2.094 per 100 lira from DM 2.097. Outside the EMS the Swiss franc was unchanged at DM 1.0643, while sterling rose to DM 4.1650 from DM 4.1610. The dollar was fixed at DM 1.7615, compared with DM 1.7643, and the Bundesbank did not intervene at the fixing or on the open market.

BELGIAN FRANC—Remaining steady within the EMS despite recent easing of Brussels interest rates, including a cut in the central bank discount rate.—The Belgian franc improved against the dollar, D-mark and Italian lira at the Brussels fixing, but weakened against other major currencies, following comments from Belgium's Finance Minister about the importance of maintaining the parity of the franc. M Paul Hatry, the new Minister, said that a strong franc was an absolute condition of Belgium's economic recovery. The dollar fell to BFr 28.18 from BFr 28.20 at the fixing; the D-mark to BFr 15.9897 from BFr 15.9950; and the lira to BFr 3.3445 per 100 lira from BFr 3.3512. On the other hand sterling rose to BFr 66.58 from BFr 66.52 and the Swiss franc to BFr 17.3375 from BFr 17.3340. Apart from the D-mark and lira other EMS currencies were firm, with the French franc improving to BFr 6.8050 from BFr 6.8008.

JAPANESE YEN — Steady in recent weeks, after showing a marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies, and balance of payments problems severely depressed the currency—The yen improved slightly against the dollar in moderate Tokyo trading. The dollar fell to Y219.10 at the close from Y220.00, after opening at Y219.70.

THE POUND SPOT AND FORWARD

July 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3555-2.3650	2.3570-2.3580	1.65-1.55c pm	8.14	4.17-4.07 pm	6.99
Canada	2.7040-2.7200	2.7045-2.7065	1.02-0.92c pm	4.30	3.40-3.20 pm	4.95
Nethlnd.	4.52½-4.57	4.53¼-4.54¼	3¼-2⅞c pm	8.94	7⅞-6⅞ pm	6.17
Belgium	66.25-66.60	66.33-66.43	26-16c pm	3.80	54-48 pm	3.07
Denmark	12.83-12.91	12.83¾-12.84¾	1¼ore pm-par	0.82	1-2¼ dis	-0.58
Ireland	1.1030-1.1080	1.1047-1.1057	0.02p pm-0.02 dis	—	0.17-0.12 pm	0.52
W. Ger.	4.12½-4.17	4.14-4.15	3⅛-2¼pf pm	7.56	8-7 pm	7.24
Portugal	115.00-116.00	115.15-115.35	15c pm-15 dis	—	40 pm-60dis	-0.35
Spain	165.20-166.00	165.20-165.40	10-60c dis	-2.54	90-155 dis	-2.96
Italy	1,980-1,997	1,991-1,997	21-27 lire dis	-14.44	47-53 dis	-10.03
Norway	11.33-11.46	11.39½-11.40½	8⅛-7ore pm	8.22	19¼-18 pm	6.62
France	9.60-9.66	9.61-9.62	4½-3½c pm	4.99	10½-9½ pm	4.16
Sweden	9.75-9.82	9.76½-9.77½	3¼-2½ore pm	3.22	5½-4¼ pm	2.15
Japan	514-519	514½-515½	2.00-1.70y pm	4.31	5.85-5.55 pm	4.43
Austria	29.40-29.60	29.40-29.45	18-17gro pm	7.34	48-43 pm	6.18
Switz.	3.80-3.85	3.81-3.82	4¼-3¼c pm	11.79	11-10 pm	11.01

Belgian rate is for convertible francs. Financial franc 66.80-66.90. Six-month forward dollar 6.20-6.15c pm, 12-month 8.90-8.80c pm.

THE DOLLAR SPOT AND FORWARD

July 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3555-2.3650	2.3570-2.3580	1.65-1.55c pm	8.14	4.17-4.07 pm	6.99
Ireland†	2.1310-2.1370	2.1350-2.1370	1.50-1.40c pm	8.16	4.15-4.05 pm	7.69
Canada	1.1486-1.1496	1.1466-1.1469	0.24-0.38c dis	-3.78	0.57-0.62dis	-2.07
Nethlnd.	1.9235-1.9282	1.9235-1.9250	0.10-0.20c dis	-0.93	0.35-0.45dis	-0.83
Belgium	28.12½-28.17½	28.15-28.17	10½-12c dis	-4.80	26-29 dis	-3.91
Denmark	5.4480-5.4615	5.4485-5.4500	3¼-3¾ore dis	-7.71	10-10½ dis	-7.52
W. Ger.	1.7560-1.7625	1.7575-1.7585	0.05pf pm-0.05 dis	—	0.18-0.08 pm	0.29
Portugal	48.85-48.98	48.88-48.95	30-40c dis	-6.58	70-110 dis	-7.36
Spain	70.13-70.25	70.16-70.21	55-65c dis	-10.25	160-185 dis	-9.83
Italy	841.40-842.50	841.80-842.30	14-19 lire dis	-23.51	35-40 dis	-17.81
Norway	4.8340-4.8380	4.8360-4.8375	par-0.50ore dis	-0.62	0.35-0.85dis	-0.50
France	4.0775-4.0850	4.0775-4.0795	1.04-1.14c dis	-3.21	2.90-3.10dis	-2.94
Sweden	4.1400-4.1510	4.1400-4.1425	1.75-1.90ore dis	-5.28	5.10-5.25dis	-4.99
Japan	219.25-218.60	218.45-218.55	0.60-0.75y dis	-3.71	1.30-1.45dis	-2.52
Austria	12.48½-12.51½	12.48½-12.49½	1.05-1.65gro dis	-1.30	2.25-4.00dis	-1.00
Switz.	1.6165-1.6250	1.6180-1.6190	0.58-0.50c pm	3.93	1.68-1.62 pm	0.08

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 2	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.4	-31.6
U.S. dollar	83.3	-10.4
Canadian dollar	81.9	-16.9
Austrian schilling	167.1	+24.4
Belgian franc	116.1	+14.2
Danish kroner	107.6	-3.7
Deutsche mark	166.9	+44.6
Swiss franc	198.2	+80.4
Guilder	196.0	+90.0
French franc	109.1	-5.9
Lira	52.7	-61.7
Yen	129.7	+27.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.560411	0.605202
U.S. $	11	1.32145	1.42736
Canadian $	10.63	—	1.64219
Austria Sch.	6¾	16.5644	17.8921
Belgian F.	13	37.2649	40.2654
Danish K	13	7.23494	7.80914
D'Mark	7½	2.33143	2.61788
Guilder	9½	2.55238	2.75825
French Fr.	9½	5.40572	5.83794
Lira	15	—	1201.13
Yen	9	991.115	313.807
Norwgn. Kr.	9	6.40243	6.91703
Spanish Pts.	8	—	100.237
Swedish Kr.	10	5.49199	5.93072
Swiss Fr.	3	2.14873	2.32490

OTHER CURRENCIES

July 2	£	$		£ Note Rates
Argentine Peso	4369-4389	1853-1860	Austria	29.35-29.65
Australia Dollar	2.0360-2.0400	0.8635-0.8640	Belgium	66.40-67.00
Brazil Cruzeiro	199.67-185.67	52.116-52.316	Denmark	12.83-12.92
Finland Markka	8.65¼-8.66¼	3.6860-3.6280	France	9.58-9.65
Greek Drachma	100.711-103.160	42.60-42.75	Germany	4.14-4.18
Hong Kong Dollar	11.60½-11.62½	4.9200-4.9220	Italy	1945-1990
Iran Rial	n.a.	n.a.	Japan	516-521
Kuwait Dinar(KD)	0.598-0.634	0.2667-0.2668	Netherlands	4.53-4.57
Luxembourg Frc.	66.33-66.43	28.15-28.17	Norway	11.38-11.46
Malaysia Dollar	5.0460-5.0560	2.1390-2.1410	Portugal	112-116
New Zealand Dlr.	2.3870-2.3920	1.0120-1.0130	Spain	160-165½
Saudi Arab. Riyal	7.83-7.86	3.3290-3.3310	Sweden	9.77-9.84
Singapore Dollar	4.9775-4.9875	2.1100-2.1190	Switzerland	3.81½-3.84
Sth. African Rand	1.8115-1.8130	0.7685-0.7690	United States	2.352-2.361
U.A.E. Dirham	8.71-8.77	3.7010-3.7030	Yugoslavia	62½-67

Rate given for Argentina is free rate

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2651	+1.19	+0.68	±1.53
Danish Krone	7.72336	7.80496	+1.06	+0.55	±1.64
German D-Mark	2.48208	2.51720	+1.41	+0.90	±1.125
French Franc	5.84700	5.83763	-0.16	-0.67	±1.3557
Dutch Guilder	2.74362	2.75497	+0.41	-0.10	±1.512
Irish Punt	0.668201	0.670139	+0.29	-0.22	±1.668
Italian Lira	1157.79	1203.84	+3.98	+2.79	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 2	Pound Sterling	U.S. Dollar	Deutschemark	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.358	4.145	515.0	9.615	3.815	4.538	1994.	2.706	66.38
U.S. Dollar	0.424	1.	1.758	218.5	4.078	1.618	1.926	846.6	1.148	28.16
Deutschemark	0.241	0.569	1.	124.3	2.320	0.920	1.095	481.1	0.653	16.01
Japanese Yen 1,000	1.942	4.578	8.049	1000.	18.67	7.408	8.811	3872.	5.263	128.9
French Franc 10	1.040	2.452	4.311	535.6	10.	3.968	4.719	2074.	2.814	69.04
Swiss Franc	0.262	0.618	1.087	135.0	2.520	1.	1.189	522.7	0.709	17.40
Dutch Guilder	0.220	0.520	0.913	113.5	2.119	0.841	1.	439.4	0.596	14.63
Italian Lira 1,000	0.502	1.182	2.079	258.3	4.822	1.913	2.276	1000.	1.357	33.29
Canadian Dollar	0.370	0.871	1.532	190.4	3.554	1.410	1.677	737.0	1.	24.54
Belgian Franc 100	1.506	3.552	6.244	775.9	14.48	5.747	6.836	3004.	4.076	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 2)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 9/16	offer 9 11/16	bid 9 3/4	offer 9 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17½	8¼-9½	12-14	10⅛-10⅜	3½-4	10-10¼	12½-12¾	15-95	2½-9⅞	18½-13
7 days' notice	17¼-17½	9¼-9½	12-14	10⅜-10⅝	3¾-4¼	9¾-9⅞	12⅛-19⅜	25-35	9⅛-9½	12¾-13¼
Month	17⅜-17⅝	9⅜-9⅝	12¼-12⅜	10⅝-10⅝	5⅞-5⅝	9½-9⅝	12⅜-19⅛	97-34	8⅞-9⅛	12⅞-13⅛
Three months	18¾-17	8½-9¾	11¼-11⅜	10⅜-10⅝	6½-5⅝	9⅛-9⅞	19⅛-12⅝	24-87	8⅝-9⅞	12-12¼
Six months	15¼-15½	9¾-10	10⅞-11⅛	10⅛-10⅜	5⅛-6⅛	8½-8⅝	12⅜-12⅝	82-94	9⅞-9⅞	10⅞-11⅛
One Year	14-14¼	9⅞-10	10⅜-10⅝	10⅛-10⅜	6⅛-5⅞	8¼-8⅜	12¼-12¾	20-29	9⅞-10	8⅝-9⅞

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.20-9.30 per cent; three-months 9.20-9.30 per cent; six-months 9.10-9.20 per cent; one year 9.20-9.30 per cent.

Long-term Eurodollar two years 10½-10¾ per cent; three years 10¾-11 per cent; four years 10⅞-11⅛ per cent; five years 11-11¼ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Dutch rates steady

Interest rates were generally steady in Amsterdam yesterday, with dealers expecting little sharp movement in the coming two weeks. Bank overdrafts remained within the quota laid down by the Central Bank, with the former estimated at just over Fl 9bn at the moment. Market rates may be affected however, depending on how the Finance Ministry raises funds to meet Government short term cash requirements. The last Treasury bill tender netted Fl 317m, significantly below expectations, and has led to speculation that the authorities may announce further Treasury bill tenders. Yesterday call money was quoted at 10¼ per cent, with period rates also showing little change from Tuesday.

In Paris, the Bank of France announced a further first category paper facility, by which banks will be able to obtain additional funds where needed. The option will be available from July 7, when banks requiring liquidity will submit paper maturing between July 10-20 and July 21-30. The Bank of France last bought first category paper on June 26 at an unchanged rate of 12¼ per cent. At the same time the authorities announced a FFr 2.6bn auction of 12-month Treasury bills, also scheduled for July.

In Dublin, the Irish Associated Banks cut their lending rates between ¾ per cent and 1 per cent. Rates for triple "A" category borrowers have been cut to 17 per cent from 18 per cent, double "A" category to 17½ per cent from 18½ per cent, and single "A" to 17¾ per cent from 18¾ per cent. The move was seen as a reflection of the general easing in Dublin interbank rates and lower rates elsewhere in Europe and the U.S.

MONEY RATES

NEW YORK

Prime Rate	11½-12
Fed. Funds	8⅞-9⅛
Treasury Bills (13-week)	8.01
Treasury Bills (26-week)	7.98

GERMANY

Discount Rate	7.5
Overnight Rate	10.40
One month	10.20
Three months	9.95
Six months	9.35

FRANCE

Discount Rate	9.5
Overnight Rate	12.375
One month	12.3125
Three months	12.3125
Six months	12.0

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.6875
Bills Discount (three-month)	—

GOLD

Slight rise

Gold rose $3 to $662-665 in the London bullion market yesterday. The metal opened at $667-670, and was fixed at $672.00 in the morning, and $661.50 in the afternoon. It touched a peak of $674-677, and a low point of $658-661. There was some profit taking in quiet, nervous trading.

In Paris the 12½ kilo gold bar was fixed at FFr 87,300 per kilo ($665.02 per ounce) in the afternoon, compared with FFr 87,300 ($665.10) in the morning, and FFr 86,350 ($656.54) Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,105 per kilo ($673.00 per ounce) compared with DM 37,330 ($658.01) previously.

	July 2		July 1	
Gold Bullion (fine ounce)				
Close	$662-665	(£280¾-282)	$659-662	(£278-280½)
Opening	$667-670	(£282¼-283¾)	$649-652	(£275½-277)
Morning fixing	$676	(£284.770)	$656	(£278.143)
Afternoon fixing	$661.50	(£280.436)	$660	(£279.543)
Gold Coins				
Krugerrand	$680-683	(£288-290)	$679-682	(£288-290)
Mapleleaf	$677-680	(£286½-288½)	$677-680	(£286-288)
New Sovereigns	$167½-169½	(£71-78)	$167¾-168¾	(£71-72)
King Sovs	$190-193	(£80-82)	$185-188	(£79-80)
Victoria Sovs	$190-193	(£80-88)	$185-188	(£78-80)
French 20s	$163-166		$161-164	
50 pesos Mexico	$822-827		$815-810	
100 Cor. Austria	$653-656		$648-652	
$20 Eagles	$770-775		$766-762	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit appeared to be in good supply in the London money market yesterday, but the authorities lent a small amount to one or two houses at MLR for repayment today. The market was faced with the repayment of Tuesday's moderate loans, and the unwinding of a previous sale and repurchase agreement on a small number of bills. On the other hand banks brought forward balances a very large amount above target and there was a small surplus of disbursements over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 18¼-19 per cent but came down on the forecast of a large surplus to 17-17¼ per cent. Rates eased to 12-14 per cent during the afternoon, but closing balances were taken around 17 per cent.

LONDON MONEY RATES

July 2 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-19	—	—	—	—	15-17	—	—	—
2 days notice	—	—	17½-17⅝	—	—	—	—	—	—	—
7 days or 7 days notice	—	17⅜-17⅝	17½-17¾	—	18¼	17¾-18	16½-16¾	—	—	—
One month	17⅜-17¼	17⅜-17½	17¼-17⅝	18¼-18½	17⅞	17⅞	16⅝-16¾	15⅝-15 13/16	17⅛-17¼	18
Two months	17⅛-17	17⅛-17⅛	—	17¼-17¾	17¼	—	16⅝	15 11/16-15⅝	16¾	17¼
Three months	16⅞-16⅝	16¾-16⅞	16½-17	16⅝-17⅛	17⅛	17⅛-17½	16-16⅛	15⅝	16⅛	16⅝
Six months	16¼-15⅛	15⅝-15½	16½-15¾	15-16⅝	16	16½	—	—	14⅞-14¼	15¼
Nine months	14⅞-14⅞	14⅞-14⅞	—	15-16¼	15	15⅝	—	—	—	—
One Year	13¾-13⅝	14-14⅛	14¼-14½	14¼-14½	14⅛	15½	—	—	—	—
Two years	—	—	14-14⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13⅞-14¼ per cent; four years 13⅞-14 per cent; five years 13 13/16-14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15½-15⅝ per cent; four-month trade bills 16⅞ per cent.

Approximate selling rate for one-month Treasury bills 15⅝-15 21/32 per cent; two-months 15 11/32-15 17/32 per cent; three-months 15 13/32-15 15/32 per cent. Approximate selling rates for one-month bank bills 17 1/16-17⅛ per cent two-months 16⅝ per cent; three-months 16 per cent; one-month trade bills 17¼ per cent two-month 17 per cent and three-months 16⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums of seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills Average tender rates of discount 15.6801 per cent.

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

JOBS COLUMN, APPOINTMENTS

Case of hatched, mismatched and dispatched

BY MICHAEL DIXON

SUPPOSE YOU are the head of an employment agency. It has 750 staff of various levels throughout the UK, and probably the world's most advanced computer system for matching job-seekers with job-openings.

Suppose, too, that yon had to cut the ataff by a third over the next 18 mnnths, and reduce operating costs from about £8.5m to £7m. How would you start the necessary redundancy programme?

The problem is nnt imaginary. For months it has been exercising the top management of the Government-sponsored Professional and Executive Recruitment agency. And today they reveal their cbnsen answer. It is to start by scrapping the computer system.

But more than the electronic wizardry is vanishing. The decision also ends an attempt to prove a theory wbich, alas, is still held true by large numbers of people. Thc theory is that anything individuals can do for themselves or can be done for them by private enterprise, a bunch of computerised civil servants can do better.

The attempt arose from the belief of the 1970-74 Conservative Goverument under Mr. Edward Heath that, where feasible, state services sbould be sold instead of furnisbed free of charge. Mr. Heath's advisers bad nnted the growth of commercial consultancies specialising in executive recruitment. Their thoughts turned to the Government's own rusty old emplnyment - exchange mechanism fnr dealing with managerial and specialist workers.

The advisers recommended that this mechanism should be rebuilt. Part of it shnuld continue to provide "social" services sucb as advising jobless bigher-level workers having difficulty in finding new employment, and he financed by taxpayers' money. But the other part should be fun as a commercial agency charging fees to employers for filling managerial and specialist jobs, with the aid nf tbe last word in computer-matching systems.

Tbus was born a new competitor for the private-enterprise consultancies, whn were not altogether overjoyed by the event. They complained that they were being subjected to subsidised competition. How else could PER offer services, including the advertising of a jnb and the sifting of the initial response down to a short-list of candidates, at about half the fee charged by fully commercial recruiters?

But their protest bad little effect on Mr. Heath's Conservative Ministers, and even less on tbose of the subsequent Labour Government. Instead of feebly wailing about taxpayer-financed competition, it was officially suggested, the private-enterprise consultancies should set tn and make themselves similarly efficient. PER's charges bad been set at a "realistic" level which, after a short time for settling-in, would adequately cover the costs of services run by such thoroughly modern methods. And while the settling-in period was longer than had been forecast, and fully commercial recruiters remain dubious about bow mucb of PER's social grant is effectively osed to feather-bed its job-filling activity, the agency claims to bave made a small surplus on its fee-charging services in each of the past three years.

Surplus

Since 1976-77, while PER's social grant bas risen by 40 per cent to £3.5m, its fee earnings have increased by 78 per cent to £4.2m. In 1979-80 It showed a surplus of just over £100m, compared with a loss of £300m three years previnusly.

Even so, the agency cannot claim to have been succesful in terms of market satisfaction. The number of jobs which employers asked PER tn fill—as distinct from merely notifying the agency that the job-opening existed—fell by balf from the first full year of operation in 1974-75 tn about 20,000 two years later. It seems clear that now, when the number of jnbs notified to the agency as existing is down from 500-450 a week to only 350-300 weekly, the demand for tbe fee-changing services has fallen further still.

Not all nf this weakness can be blamed on the current severe curtailment of recruiting. Disappointment at PER's effectiveness is indicated by a fairly steady flow of complaints to this column both from would-be employers and from irritated job-seekers.

It seems that if the agency's electronic system were used instead to arrange marriages, the nursing homes would be crammed with millionaire divorce-lawyers suffering from overwork. At least half the matches approved by the computer apparently prove inappropriate with either the cbosen candidate obviously wrong for the employer, or vice-versa. Also, the system doubtless fails to perceive many potential matches which *would* be satisfactory to both parties.

PER has striven tn overcome sucb deficiencies by successively refining the matching system. Unfortunately, the more sensitive the system is made, tbe more detailed the information required from employers and job-seekers. Since that information then bas to be translated into a form assimilable by the computer, improvements to the system automatically increase the expense of the bnman staff needed to serve it.

There would be much theoretical interest, of course, in continuing the attempt to make the system at least as discriminating as the average person choosing on his or her own behalf. For instance, could that aim be achieved before the necessary increases of PER's staff bad so reduced the population available for employment in other fields as to make the whole exercise futile anyway?

But the agency, perhaps influenced by the thrifty attitude of the present Government, has decided not to test theory. It bas simply declared the matching system redundant, thereby expecting to dispense with the need for 250 staff.

This action is less than original. PER's French counterpart did the same about two years ago, opting instead to send to every job-seeker on its register a weekly "newspaper" consisting of classified details of the jnb-openings notified to it by employers. The responsibility for deciding who suits what has thus been removed from the combination of officials and computer, and entrusted to the job-seekers themselves.

PER is followiog this example, too. The first prototype of its weekly "Executive Pnst" appears today. It is restricted to jobs in sales, marketing, distribution and purchasing and will be sent to about 25,000 registered job-seekers interested in those areas of work. From September, bowever, the list will cover managerial and specialist jobs of all kinds and be sent by first-class post every Tuesday afternoon to all seekers on PER's books.

Employers can either pay a flat £175 to have a job-opening included, or make no payment unless the list fills the vacancy when a fee of 12½ per cent of the starting salary will be payable. PER will continue to offer advertising - agency and selection services, and to do its "social" work.

All registered job-seekers will receive the weekly paper free. With about 80,000 of them on its books at present, the agency is anxious lest the total sbould suddenly be boosted by people who, while not seriously contemplating a move, would not be averse to free information on the jobs available. If so, PER would like to charge the "merely curious" the 30p a copy to be paid by any employer wanting to receive the list.

The only trouble is that even if the agency could make a clear distinction between the serious and tbe casual, the existing law would not recognise it. Where PER is concerned, while all who seek may not find, they are certainly entitled to do the seeking free of charge.

Systems Appraisal

Young CA

As part of the senior management development programme, a public group with activities ranging from civil engineering to energy, requires a young accountant to join their small and recently established audit team.

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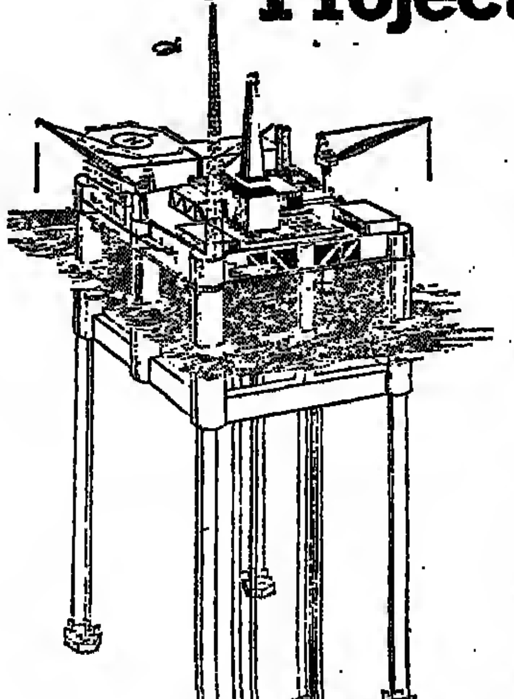
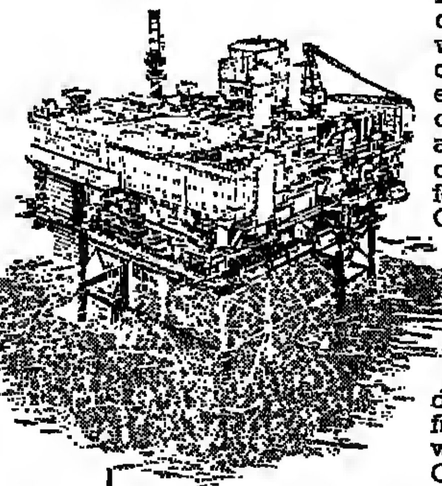
North Sea Petroleum





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Diana Marsh,
Personnel Officer,
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Park House, 116 Park Street,
London W1Y 4NN.
Tel: 01-493 1235 ext. 3142.

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Our client is a £60m. sub-group of a substantial quoted company, manufacturing a wide range of plastic and glass products. It has subsidiaries throughout Europe and in Australia.

In a newly-created position, you will act as the Finance Director's right hand man (or woman) in all aspects of the enterprise's financial management and reporting, with particular emphasis on international currency movements, acquisitions, and the new capital investment programme. Some travel to overseas subsidiaries will be involved.

You will receive a very generous starting salary, with a comprehensive range of benefits, and *full relocation expenses will be paid, if necessary.*

Please contact Peter Wilson, F.C.A., in strict confidence, at Management Appointments Limited (Recruitment Consultants), Albemarle House, 1 Albemarle Street, London W.1. Tel: 01-499 4879.

Management Appointments Limited

For the person who doesn't have to take chances, this is the chance of a lifetime.

Director of European Marketing Communications for Texas Instruments.

The special person we're seeking is already highly placed in a company and probably isn't looking for a change. But for the person whose experience matches our need, this could be the once-in-a-lifetime opportunity too rare to pass up.

The Company. Texas Instruments: A worldwide leader in high technology business, industrial and consumer products with plants in Europe and around the globe. A $3 billion company. With a goal of $15 billion by the late 1980s.

The Challenge. TI needs an exceptional person to head our European Education and Communications Center. This includes all advertising, merchandising and public relations activities throughout Europe.

The Rewards. This is a key executive position. A very high level of compensation is offered. You will be located in Nice, reporting directly to the worldwide manager at corporate marketing headquarters in Dallas, Texas.

The Experience. To have this exceptional position, you'll need some exceptional credentials. You'll be surrounded by highly qualified people, so you must be highly qualified. From 8 to 10 years of successful marketing communication experience is required, ideally in multinational electronic companies managing complex programs, and budgets. Because you must work effectively with many people, you should be of a European nationality speaking perfect English.

To apply, send resume in confidence to: R. Y. Henslee/Texas Instruments Corporate Personnel/ P.O. Box 225012, M.S. 87/Dallas, Texas 75265, U.S.A.

Fifty Years of Innovation

TEXAS INSTRUMENTS
INCORPORATED
An equal opportunity employer M/F

Group Chief Auditor

London Area — **To £10,000 plus Car**

Our client is a successful medium sized British Group embracing a broad range of engineered products.

A challenging opportunity exists to join the group accounting function as Group Chief Auditor. Reporting to the Group Chief Accountant you will be expected to make a major contribution to the development of the group's accounting and administration procedures. Through a small team you will plan and monitor internal audits, review subsidiary accounting systems, undertake ad hoc investigations and provide accounting support at local and group level.

Preference is for a qualified A.C.A. or A.C.C.A. aged 30 — 40 with sound experience gained in a medium to large professional practice combined with financial line or internal audit experieoce in an engineering environment.

The group offer first class career prospects and a good benefits package, iocluding assistance with relocation costs where appropriate.

Please send comprehensive career details or telephone for an application form to:-

Bryan Greenwood,
The John Dalton Partnership Limited,
38 Hoghton Street, Southport.
Tel Southport (0704) 38776

JOHN DALTON PARTNERSHIP
Management Selection & Recruitment Consultants

INBUCON

Financial Controller

East Midlands — £12,000+Car

To join the Management team of a Company employing 180 people and showing a profitable turnover of over £8M.

Reporting to the Managing Director the man or woman appointed will control a staff of 10 people and be responsible for all accounting and secretarial functions. In particular the ability to interpret financial information and present findings in a clear and sensible way is important.

Candidates will be aged 30-40 qualified and have had good commercial experience preferably within the food processing industry. Reliability and common sense are qualities looked for, together with a professional approach to the detail of accounting.

The remuneration package includes free family plan BUPA and there is a company pension scheme. Relocation expenses to a very pleasant area will be negotiated.

Please write quoting reference 3885 to J. G. Battersby,

INBUCON MANAGEMENT CONSULTANTS LIMITED
Executive Selection,
Knightsbridge House, 197 Knightsbridge, London SW7 1RN.

FINANCIAL CONTROLLER

ENGLISH SEWING LTD., the major subsidiary company of the TOOTAL group, has extensive sewing thread manufacturing and marketing interests throughout the world, controlled from its Manchester headquarters. Sales are about £100m. It now requires a Financial Controller to assume full responsibility for the accounting function, including overseas subsidiaries. Applicants must have a strong management accounting background in a marketing orientated manufacturing industry, together with experienca of data processing. Experience of overseas manufacturing operations would be an advantage.

The successful applicant will be expected to make a significant contribution to the management of the Company, and can expect a Board appointment as soon as this contribution has become *manifest.*

The job will be well paid, with benefits applicable to the TOOTAL group. There is help towards any necessary housing move.

If you are in the age group 35 to 50, professionally qualified, and feel you meet the job requirements, please write in confidence with brief details of qualifications, work and salary record to:-

The Chairman
ENGLISH SEWING LTD 56 Oxford Street, Manchester M60 1HJ.

Financial Controller
RIYADH

A Financial Controller is required by a Riyadh-based holding company owning substantial Interests in a number of joint ventures engaged in diversified activities including process olants and industrial engineering and construction, general contracting and trading, manufacturing, agriculture and maintenance services.

Based at the company headquarters in Riyadh, the successful *candidate will report* to the Chief Executive Officer and will bave full responsibility for the financial and accounting affairs of the holding company. His main function will be to monitor and audit the financial performance of the joint ventures, and to manage the finances and accounts of the holding company.

The successful candidate, probably in his mid-thirties, will hold recognised accounting qualifications, and will have international experence in auditing and the controllership function and preferably will be familiar witb the contracting industry.

Salary will be commensurate with experience and the required skills. The successful candidate will also receive a full range of fringe benefits including furnished housing, a car, and other fringes.

Letters of application together with a CV should be forwarded to Mr. D. W. Hall, 26 Cadogan Square, London SW1.

Group Financial Controller

Surrey — around £14,000 + car

Our clients, a dynamic U.K. group of diverse trading interests (T/O £25m), are seeking a replacement for the present Group Financial Controller, who is about to emigrate. Reporting to the Group Financial Director, the successful candidate will be a key mamber of the managament team. This position offers a balance between specific financial managament opportunities and project work of an investigative and innovative nature. Applicants, preferably graduates, male/female, must be Chartered Accountants, aged late 20's, who have already gained experience in an industrial/commercial environment and have a proven business acumen. Raf. 1165/FT. Apply to R. P. CARPENTER, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

Corporate Audit
£12,000+

Our client, LEAR SIEGLER Inc., has over a quarter of a century's profitable growth and sales currently exceed 1.5 billion dollars a year. A young, ambitious candidate is now required to join their European Audit Team, which reports to the Corporate Controller in California.

Work will be principally in West Germany, but opportunities may arise from time to time for assignments in Netherlands, France, Italy, Spain and UK. Tasks are varied and challenging covering the manufacturing and marketing of technical, automotive, precision optics and electronic components and systems. As well as being a rewarding position, future prospects in the line function are excellent. Since the working week will be spent abroad this appointment may be better suited to a single person.

Candidates, qualified accountants or equivalent, preferably with internal audit experience and a sound knowledge of German (assistance could be provided to achieve fluency), are invited to apply for an application form, quoting MCS/3840 to:
Ken Johnson, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY, who will forward completed application forms to our client.

Price Waterhouse Associates

RECONCILIATION DEPARTMENT MANAGER

Major American bank is seeking an experienced Department Manager for its Reconciliation Department. Applicants should have a banking background with at least five years' experience including Nostro account reconciliation.

Salary negotiable plus excellent fringe benefits. Please write, including full career and education details to:

Box A7210, Financial Times
10 Cannon Street, EC4P 4BY

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

CREDIT ANALYST (fluent German) — £ negot.
Our client, a prominent internationally expanding German bank, wishes to appoint a Credit Analyst as part of its current development plan. Prime responsibility will be to review new commitments, both country and commercial risk, and to prepare submissions to the Board for new participations, as well as reviewing the existing loan portfolio on a regular basis.
The ideal candidate will be fluent in both the German and English languages preferably with German as the mother tongue, although this is not essential. He/she will also have a minimum of two years experience of risk appraisal. *Please telephone KEN ANDERSON*

EXPORT FINANCE COMMERCIAL LENDING — Negotiable up to £20,000
A number of attractive openings at Manager level currently exist with expanding, highly-reputed international banks in the City. Specifically, there are requirements for those with experience in the business development of international bank lending services in the U.K. and Ireland, and for individuals with a successful track record in the arranging and structuring of export/project finance packages. *Please telephone KEN ANDERSON*

JUNIOR FOREX DEALER — c.£11,000
Our client, a well established European bank, requires someone with at least three years dealing experiance obtained in an active bank dealing room, including spot, forward, arbitrage etc. A knowledge of Spanish would be desirable. *Please telephone BRIAN GOOCH*

First floor—entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

International Lending
– Career Positions

Standard Chartered is Britain's largest independent international bank with assets exceeding £13 billion and more than 1500 offices in some 60 countries.

Our International Division, based in London, is growing rapidly, and exceptionally we are recruiting a few suitably qualified young bankers to contribute to and benefit in career terms from its growth and success.

We ere seeking young men or woman in their late twenties or early thirties, with several years' experianca of euro-currency lending at a responsible level, with considerable knowladge of country risk analysis and credit review techniques, and sound basic knowledge of loan documentation and syndications.

This experience will have been with banks of significant size end seputation actively involved in the appropriate markets. Graduate and/or AIB qualifications are important, while formal credit training could be an advantage.

Our salaries and banefits are at a level to be expected of a major bank and career prospects, both in tha short and longer term, are excellent.

Please write, giving full details of achievements, qualifications and salary progression, to Bob Leeming, Manager, UK Manpower, Standard Chartered Bank Limited, 10 Clements Lane, Lombard Street, London, EC4N 7AB.

Standard Chartered
BANK LIMITED

Management Consultancy

Graduate ACA or ACMA

City based to £15,000

Management consultancy offers intellectual and practical challenges through dealing with a wide range of clients and problems. Providing impartial and professional advice to management, often at board level, requires consultants whose technical skills and personal abilities are of the highest calibre.

Our need is for ambitious accountants, aged 26-32, with a good degree and examination record. Your career will demonstrate rapid progress and will include at least two years in industry or commerce. Experience of management accounts, stock control, costing and information systems will be of particular interest. Your personal qualities must include developed commercial acumen, communication skills and an interest in problem solving.

Applications, which will be treated in strict confidence, should contain brief but relevant details of career and salary progression, age, education and qualifications.

Please write to G. W. Thiel, quoting reference 904/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Financial Controller

London – West End c£13,000 + car

Our client is a well established dynamic and progressive **Advertising Agency.** Their growth record, particularly in the last three years, is second to none.

They seek an ambitious commercially orientated Financial Controller to take full responsibility for the accounting and finance function as well as the development and improvement of in-house systems and financial controls.

Candidates must be qualified accountants, aged 28 - 40, with a minimum of two years commercial experience preferably gained in an advertising or marketing environment.

It is anticipated that proven success in this position will lead to a **Board Appointment.**

Interested applicants should submit full curriculum vitae stating salary, office and home telephone numbers and quoting ref. 804 to Nigel Hopkins F.C.A.

Michael Page Partnership
18/19 Sandland Street, Bedford Row, London W.C.1.
01-242 0965/8

Pension Fund Management
Analyst/Dealer

The Investment Division of Shell International is responsible for the management of the Pension Fund portfolios of several companies within tha Royal Dutch/Shell Group. The combined assets of these funds make up one of the largest pension fund portfolios in the U.K. being valued at about £1,000m. We are looking for a young person to join this investment team and to assist in managing the Equity portfolio.

To be eligible you will be professionally qualified and/or a graduate. Preferably you will have experience of fund management on a large scale within a merchant bank, pension fund or similar institution; although someone with analytical training, without fund experience, will be considered. You should be familiar with the analytical and dealing requirements for managing a large Equity portfolio and be prepared to take decisions and accept responsibility for stock selection involving substantial sums.

The starting salary is likely to be around £8,500 (including London Allowance) but could be substantially higher for an exceptionally well qualified candidate. In addition there is a wide range of company benefits. Working conditions in Shell are excellent, as are the sports and social facilities that are available. Please write with full resumé of your career or telephone for an application form to:

Shell International Petroleum Company Limited, Recruitment Division (FT), PNEL/21, Shell Ceotre, London, SE1 7NA. Telephone 01-934 4626.

Shell

Director Overseas Operations

South Wales base *up to £20,000*

Aluminium Wire and Cable Company Limited, a leading U.K. supplier of aluminium wire and cable, wish to appoint a director to take charge of a newly created Division which will handle the overseas marketing and sales of their conductor, wire, cable and accessory products and electrical contracting business. This appointment is being made at the highest level reporting direct to the Managing Director and carries complete responsibility for identifying and evaluating markets throughout the world except U.K. and Western Europe, for preparing appropriate strategies and plans for these markets and for achieving the planned sales and contribution budgets.

The successful applicant will have several years' experience of overseas industrial Sales Management and top-level negotiating for annual sales of et least £10 million and must be prepared to spend six months per year overseas. It is desirable for candidates to have experience in the electrical capital goods industry and be familiar with Spanish and Arabic commercial cultures.

The remuneration package offered is in the range of £18,000 – £20,000 and fringe benefits are those associated with a top-level appointment in a large group. The successful candidate is likely to be between 38-50 years old and will be based in South Wales.

Please write, stating age, current salary and how you meet our client's requirements, quoting reference DO/4094/FT on both letter and envelope. Men and women are invited to apply. No information will be disclosed to our client without permission.

Urwick, Orr & Partners Limited
Management and Selection Consultants
Baylis House, Stoke Poges Lane, Slough SL1 3PF

WOOD GUNDY

WANTED
Established Sales Executive

For all aspects of international securities markets

North American experience preferable but not essential

Please contact Mrs. Sue Barber
01-628 4030

30 Finsbury Square, London EC2A 1SB

Accountant for consultancy
Bermuda

C&L

Our associated firm in Bermuda is expanding the range of consultancy services it offers to the local and international business community.

Assignments are varied and have recently included feasibility studies, financial investigations and systems development work, for clients in banking, insurance, tourism and distribution.

You should be a qualified accountant in your late 20's or early 30's. Previous experience of investigations, financial services and computer based accounting systems would be an advantage.

The initial engagement is for two years. Salaries are competitive, living conditions are attractive and there is no local income tax.

Resumes including a daytime telephone number to E H Simpson, Executive Selection Division, Ref. S658.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

MERCHANT BANKING
Baring Brothers & Co., Limited
CORPORATE FINANCE

Barings are seeking an additional executive to join the bank's corporate finance team which operates principally in their London office, but also in the bank's own offices in New York, Hong Kong and Singapore and in affiliated companies in Australia, Malaysia and Nigeria.

The successful applicant will probably be a graduate aged between 24 and 30 with a professional qualification in accountancy or law or with a business school degree. Experience in corporate finance would be an advantage.

Applications, enclosing a curriculum vitae, should be sent in confidence to –

Mr. Francis Carnwath
Baring Brothers & Co., Limited
88 Leadenhall Street,
London, EC3A 3DT.

NATIONAL UNION OF TEACHERS

BRANCH ACCOUNTS MANAGER

Applications are invited for this new post from appropriately qualified persons. (Some knowledge/experience of computer applications would be an advantage.) The person appointed will be responsible for the introduction and operation of a Uniform Branch Accounting system.

Salary Scale: £8.900-£9,600 (subject to 1980 review. Contributory Pension Scheme.

Six weeks Annual Leave entitlement.

Further details and an application form may be obtained from the General Secretary, National Union of Teachers, Hamilton House, Mabledon Place, London, WC1H 9BD, or by telephone: 01-387 2442. Ext. 150.

Completed application forms should be returned not later than Friday, 25 July, 1980.

Young Accountants
London
£8,000 to £11,000 + subsidised mortgage

We ere a leading composite insurance company, situated in London, and currently hava opportunities in the management consultancy and manegement accounting functions of our International Finance Division for qualified accountants and for those about to qualify.

The work involved includes the design and implementation of management information and accounting systems, monitoring and commenting on results of operating divisions, together with other financial assignments. Wa are seeking persons who have initiativa and who are willing to tackle a demanding job.

Starting salery will depend upon qualifications end experience, but is likely to be between £8,000 and £11,000.

The Company offers excellent conditions, including subsidised mortgage facilities, a first class pension scheme and free lunches.

Please write with full details to:

R.F. Gristwood, Assistant General Manager,
International Finance Division,
Commercial Union Assurance Company Limited,
19th Floor, St. Helen's, 1 Undershaft, London EC3P 3DQ.

CU ASSURANCE

APPOINTMENTS ADVERTISING
Rate £19.50
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BANKING OPPORTUNITIES

U.K. subsidiary of major international banking group have clerical vacancies for candidates with suitable experience in the following areas:—

OPERATIONS—NOSTRO RECONCILIATION/
CURRENCY EXCHANGE/INTEREST
CLEARANCE/REMITTANCES/PAYMENTS
ACCOUNTS • DEPOSITS
FOREIGN EXCHANGE BRANCH BANKING
CREDIT LEASING

Attractive salary and fringe benefits according to age and experience. Apply in writing with full details to

Ruth Sefton
BANK LEUMI (U.K.) LIMITED
4/7 Woodstock Street, London, W1

SALES AND MARKETING EXECUTIVE

An established but rapidly expanding international organisation in the field of computerised information requires an energetic and imaginative executive to develop the marketing effort in the U.K. and a number of overseas territories.

The successful man or woman will have relevant experience, proven marketing ability and must be willing to travel. Some knowledge of European languages would be helpful as would a knowledge of computer-based communication systems and the workings of international financial markets.

The executive appointed, directly responsible to the marketing and business director, will be based in London and salary and commission will reflect the importance of this key post.

Please write, giving full career details, to Box A7220, Financial Times, 10, Cannon Street, EC4P 4BY.

An Italian institution—based in Rome—with direct interest in industry development is searching for a

DIRECTOR—ECONOMIC RESEARCH DEPARTMENT

The ideal candidate is a senior economist with relevant research experience in international organisations or research institutions and managerial experience. He should have Italian nationality. All information will be treated as strictly confidential.

Please send your curriculum vitae to Box A.7227 Financial Times, 10 Cannon Street, EC4P 4BY

International Investment Management

City based organisation with very substantial investments in Europe, North America and the Far East seeks Assistant Investment Manager for usually wide ranging appointment.

Age under 30 with some years sound investment experience in one or more of the areas mentioned above. Good degree helpful but not essential. Personal qualities and the ability to communicate easily important. This is an opportunity to be involved at both the policy and executive levels on a world wide basis.

Write in the strictest confidence to Box A7223
Financial Times, 10 Cannon Street, EC4P 4BY

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SENIOR INVESTMENT ANALYSTS

VdaC

We have specialised for a lengthy period in the overseas stock markets of South East Asia and Japan and we are currently looking for two experienced investment analysts with managerial as well as analytical skill.

Applications are invited from experienced analysts for the following positions:

Hong Kong based:
A senior research analyst with proven skills and the ability to control and correlate research material from various overseas offices. Experience in the South East Asian stock markets would be an advantage but it is not vital.

London based:
A senior analyst with 3/4 years experience to expand our coverage of the various sectors of the Japanese market while, at the same time, being responsible for the control and direction of our overall research output on this particular area of our overseas coverage.
Because of the nature of the Japanese stock market, an analyst with experience in the technology sector is likely to be attracted to this position.

Remuneration will be competitive with the usual fringe benefits necessary for these senior appointments.

Please apply in the first instance, in writing with a full curriculum vitae to:

**Mrs. J. E. Shaer, Personnel Manager,
Vickers da Costa Ltd., Regis House,
King William Street, London EC4R 9AR.**

GROUP TECHNICAL TAXATION ADVISER

City c.£12,000 + car + benefits

A challenging new position is being created in the Taxation Department of a leading U.K. based public Group with substantial overseas operations.

The ideal candidate, aged 30 or over, will be a qualified accountant *who has passed the* ATII examination and *has at least three years'* relevant post-qualifying experience in Corporate Taxation in an International professional firm and/or industry. Reporting to the Deputy Group Taxation Manager, *he/she* will advise management on all aspects of Corporate Taxation and VAT, with particular regard to tax planning and the implications of current legislation on proposed transactions throughout the world. A genuine interest in the development of fiscal legislation internationally will be required.

Candidates must have the personality to establish good working relationships with colleagues of all disciplines and maintain close liaison with financial management in the Group's operating divisions.

**Applications under Ref. No. RC155 to: Miss Marion Williams,
Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB.
Tel: 01-353 5272**

Extel Recruitment Executive Selection Consultants

Project Finance Management

BANKING

- FOR A LEADING British international bank. Rapid expansion of an established department, coupled with the staffing of new offices overseas, creates the need for at least one additional experienced executive in London.

- RESPONSIBILITY will embrace all aspects of project finance management, from initial prospect identification through negotiation to customer service.

- THE REQUIREMENT is for significant experience in this field.

- PREFERRED AGE: 30s. Remuneration to match the individual, and unlikely to be less than £17,000 with additional benefits.

Write in complete confidence
to A. Longland as adviser to the bank.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS

10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

Business Systems Project Management

Remuneration c.£16,000

Our client is a major financial institution which is vigorously developing its services in the UK market place.

Its rate of growth has created two new posts for Business Systems Project Managers to lead multi-disciplined teams in the development of new on-line integrated commercial systems.

Utilizing large main frame computing power, Project Managers will analyse, design and implement a range of financial and commercial systems.

Reporting to the Systems and Programming Manager, the successful candidates, of either sex, will be of graduate status with a proven track record in the management of large systems. Experience of a terminal based system using a large scale database is desirable, as is experience of the application of minis in the financial services industry.

The appointments offer a basic salary up to £14,000 with achievable fringe benefits which can add a further £2,000 or more to the salary. The relocation benefits are excellent.

Please send your curriculum vitae, in strict confidence, to T. D. A. Lunan at the address below or telephone 01-437 2515 (24 hour live answering service) for a personal history form quoting reference number 345/FT.

Lunan
Management Selection Division

T. D. A. Lunan & Associates Ltd.,
1 Old Burlington Street, London W1X 1LA.
01-437 2515
(24 hour live answering service).

FINANCIAL MANAGER

Government of Bangladesh wants a highly qualified, experienced Financial Manager for Chittagong Wasa under World Bank credit. Interested and prospective persons may contact Commercial Section of Bangladesh High Commission on telephone no's 01-584 0081 or 01-589 0539.

WANTED

General Trader £8,000-£10,000 with proven track record, looking to develop talents and salary for young aggressive company tailored for success.

Call 01-409 2022

MAYFAIR APPOINTMENTS
16 Berkeley Street,
London, W1

Loan Officers
International Banking

SECURITY PACIFIC, a leading international bank, with assets of $25 billion and over 550 branches worldwide, invites applications from experienced Corporate Bankers-Credit Analysts, male or female, for positions in Corporate Banking. Significant expansion has created opportunities for prospective Lending Officers to market the Bank's services to domestic and multi-national corporations in Europe, the Middle East and Africa.

The Bank offers a full range of services to it's customers throughout the world and the responsibilities of these positions will include credit control and analysis and the development and servicing of new Corporate relationships.

These assignments offer long term career development opportunities for self starters who can demonstrate negotiating skills and client handling ability and are ready to accept the challenge of producing results in a competitive environment.

You should hold a degree or professional qualification, have a strong background in financial analysis and fluency in a second European language would be an advantage. Highly attractive salaries will be commensurate with qualifications and experience and we offer a full range of generous fringe benefits.

Career details should be sent to:- Patrick J. O'Hara, Assistant Vice President, Security Pacific National Bank, 2 Arundel Street, London, WC2R 3DF.

FOREIGN EXCHANGE ASSOCIATE
c £11,000

Between 25-35, with 5 or more years experience of the foreign exchange market, you will now be seeking a more demanding position where you can build on your background and broaden your exposure to the Treasury function.

A major American shipping group, with a multi-million dollar turnover, is in the process of relocating its operations to Victoria–London and now seeks a Foreign Exchange Associate. The purpose of the position is to manage the Company's considerable foreign exchange exposure as well as to carry out special project work which may, for example, be in the areas of presentations to lenders, financial statement analysis, the economic analysis of projects and loan compliance.

The scope and responsibilities of this position necessitates regular contact with top management as well as senior banking personnel and provides an ideal opportunity for an ambitious person to progress quickly.

The excellent range of fringe benefits include a non-contributory pension scheme, free accident, travel and disability assurance, free lunches and free private medical care for self and family.

In the first instance telephone or write to the Company's advisors through Mrs V J Van Reyk at CRIPPS, SEARS & ASSOCIATES (Personnel Consultants), Burne House, 88/89 High Holborn, London WC1V 6LH. Telephone 01-404 5701. Telex: 893155 Cripps G. This position is open to both men and women.

Cripps, Sears

TAX MANAGER

Singapore c. £20,000

Due to expansion of the Ernst & Whinney office in Singapore, a vacancy has arisen for a dynamic and self-motivated tax manager.

This is a senior management position and applicants should be qualified accountants with at least four years' tax experience in the tax department of a professional firm or as an Inspector of Taxes.

The job will involve the supervision and reviewing of the preparation of tax computations, solving tax problems, assisting in tax planning and staff training. A great deal of client contact is involved in this particular job, and so enthusiasm and the ability to write fluently and express views and ideas clearly are essential.

The position provides an opportunity to travel within South East Asia and good prospects for personal career advancement. The initial contract will be for two years with the option of renewal at the end of the period either by extension or on an indefinite basis.

In addition to the basic salary, the package includes an annual bonus, housing allowance, annual leave, passages to U.K. for self and family, education allowance, interest free car loan, contributory provident fund, and club entrance subscription.

Please send full relevant personal and career details in confidence to Nicholas Land, at the address below:—

Ernst & Whinney
Lynton House, 7 Tavistock Square, London WC1M 9LS

LEADING ARAB CONSORTIUM BANK

requires:

Senior Executive

aged 37/45 preferred

Experienced in loan syndication, bonds and securities
Treasury and foreign exchange together with all
associated accounting procedures

Normal expatriate benefits provided—Salary negotiable
tax free, paid in U.S. Dollars

Please apply with full c.v. to Box A.7229, Financial Times,
10 Cannon Street, EC4P 4BY

RICHARDSON, CHUBB & CO

STOCKBROKERS, DORCHESTER, DORSET

We require a Member of The Stock Exchange to assist in the management of a growing number of private client portfolios and the handling of new enquiries from professional sources. Ideally applicants should be about 30 and it would be helpful if they have some established business, while there is scope for early partnership.

Please write in confidence to us at
5 HIGH WEST STREET, DORCHESTER, DORSET
giving full details of age and experience

Corporate Finance Analyst

Charter Consolidated Limited, an international Group engaged in the development of mining and industrial interests, has a vacancy in its Finance Division for a Corporate Finance Analyst to be located in their London Head Office. The scope of the work is wide-ranging, but primarily consists of examining in depth and advising Head Office divisions and Group companies on corporate finance matters regarding existing investments, new projects and acquisitions in mining and numerous fields of industry. The appointment involves challenging and creative work where conceptual thinking, sound judgement, a well developed understanding of investment as well as an eye for detail are essential qualities. The post will lead to opportunities in general management for the right candidate.

Applicants, male or female, in the 25 – 30 age group should have either accounting or business qualifications or be financially orientated lawyers. Some experience of corporate finance work with a merchant bank or stockbroker or similar experience gained with a large firm of professional accountants, management consultants or in industry will be required.

The salary will reflect the high personal qualities required. Attractive conditions of service include a generous mortgage interest subsidy scheme.

Applications, which will be treated in confidence, to:–
The Personnel Manager, Charter Consolidated Services Limited, 40 Holborn Viaduct, London, EC1.

CHARTER

European Financial Controller

c.£17,000 p.a. + car + incentive plan
Hampshire

A world leading manufacturer of sophisticated electronic components, quoted in the USA, is seeking a financial controller of the highest calibre to join its European executive. Current business plans are on target to achieve an annual turnover in excess of $50m throughout Europe.

Reporting to the European Vice-President, the job embraces wide ranging operational and financial functions for marketing, sales, distribution, and a new manufacturing plant. This involves overall financial plans and policies, budgeting, development of key operating controls, foreign exchange, legal functions, insurance and taxation throughout Europe.

Applicants, either male or female, should be aged 30–45 years; they must have a formal finance qualification and preferably a degree in business or economics. Direct experience at a senior level in financial management within a multi-national market-oriented company is essential, with experience of a manufacturing facility, the applications of EDP systems, and the adherence to reporting deadlines.

The excellent remuneration package includes a company car, performance incentive plan, private health insurance, pension scheme and generous relocation assistance.

(Ref: M9246/FT)

REPLIES will be forwarded direct, unopened and in confidence to the Client's advisors unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

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Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1696.

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WORLD STOCK MARKETS

Dow up 1.02 at mid-session

FOLLOWING TUESDAY'S late rally, stocks on Wall Street were narrowly higher in active trading yesterday morning, but Blue Chips were weak.

The Dow Jones Industrial Average at 1 pm had firmed by 1.02 to 873.29. The NYSE All Common Index also gained ground by 0.19 to $65.92. Trading volume was 30.35m, compared with 24.18m by 1 pm on Tuesday. Advances led declines by a six-to-five ratio.

Other indexes reflected the narrowly higher trend. The Standard and Poors Composite index has gained 0.02 to 114.95 by 1 pm. Transports were up 4.22 to 279.47 and Utilities 0.11 to 113.33.

Analysts said bargain-hunting and interest in speculative issues continued following the four-session sinking spell that ended on Tuesday.

Volume leader Norton Simon climbed $¾ to $14¾ on turnover of more than 1m shares, including four large blocks ranging from 100,000 to 275,000 shares. The company said it knew of no *reason for the action.*

Airlines were active and mostly higher: Pan American rose 25 cents to $4⅞, and Eastern Airlines $½ to $9⅜ but Braniff eased $⅛ to $6⅛, all in active trading.

Active Sony slipped 25 cents to $10. A block of 350,000 shares moved at $10.

Fidelity Financial rose $2⅛ to $14⅞. H. F. Ahmanson will buy Fidelity for about $137m in cash and stock. Ahmanson, which had yet to trade, closed on Tuesday at $23.

Financial Corporation of Santa Barbara gained $1⅛ to $17⅛ and Dayco tacked on $⅛ to $10⅝. Dayco bought a 68 per cent stake in Financial Corporation. Kaiser Steel lost $3⅜ to $43. LTV Corporation ended consideration of the possible acquisition of some of Kaiser's steel-making assets. LTV eased $⅛ to $10⅛.

THE AMERICAN SE Market Value Index was up 2.25 to 299.85 at 1 pm. Volume was 3.43m shares (2.73m).

Closing prices for North America were not available for this edition.

Canada

Markets advanced across a broad front in heavy trading early yesterday, following a holiday on Tuesday.

The Toronto Composite Index was up 13.1 to 2,074.4 at noon. The Metals and Minerals index gained 30.2 to 1,907.7, Golds 27.8 to 4,433.0 and Oil and Gas 81.2 to 4,836.7.

Hudson's Bay Oil rose C$1 to C$34 while Dome Petroleum at C$85½ and Imperial Oil "A" at C$45 each gained ½, Shell Canada added C$⅜ to C$34⅛ and Gulf Canada C$½ to C$34⅛.

The Montreal Composite Index was up 4.65 to 380.76 at noon. Papers rose 0.24 to 177.59 but Banks slipped 1.79 to 355.99.

Hong Kong

Following the steady rises of the past week, stocks receded across a broad front on profit-taking.

The Hang Seng index closed 29.13 points down at 1037.71 and dealers said the downward trend was influenced by rumours of an imminent fund-raising issue by a major local company.

Among market leaders, Hongkong Land fell 70 cents to HK$ 13.70, Jardine Matheson 50 cents to HK$ 17.70, Hutchison Whampoa 30 cents to HK$ 9, while Hong Kong Wharf held steady at HK$ 77.50.

Cheung Kong lost 50 cents to HK$ 15.60, Hong Kong Bank 40 cents to HK$ 15.80, Hong Kong Electric 15 cents to HK$ 6.40 and Swire Pacific's "A" 30 cents to HK$ 7.75.

Elsewhere, Hang Seng Bank shed HK$ 4 to HK$ 132.00 and Green Island Cement HK$ 2 to HK$ 53.50 while World International was unchanged on HK$ 3.90.

Turnover on the four exchanges totalled HK$ 370.89m, compared with HK$ 433.25m on Monday. The market was closed on Tuesday due to a public holiday.

Tokyo

Continuing Tuesday's downturn, share prices closed slightly lower in fairly active trading yesterday with late profit-taking more than offsetting early gains.

The Nikkei-Dow Jones average fell 4.90 to 6,819.45 on volume of 430m shares. The Tokyo S.E. index ended at 469.46, down 0.49.

While Electricals, Petroleums, Vehicles and Precision Instruments lost, Papers, Chemicals, Cables and Electric Machines advanced.

Despite lack of fresh factors, the market became cautious over the uncertain political situation in Japan.

Nippon Oil lost Y10 to Y1,670, Matsushita Electric Y9 to Y674, Mitsui Mining Y10 to Y696, Koa Oil Y28 to Y682, Sony Y30 to Y2,200, Nissan Motor Y7 to Y671, Mitsubishi Corp. Y14 to Y640, and Ricoh Y11 to Y547.

Showa Electric Cable rose Y22 to Y303, Hokuetsu Paper Y22 to Y317, and Meiji Confectionery Y15 to Y383 while the second market closed slightly lower with volume 5m shares.

Germany

The market assumed a sharply firmer trend following Tuesday's small rise. Foreign buying interest continued, especially from the OPEC countries. The Commerzbank Index rose 10.10 to 734.30.

Veba gained DM 3.50 after announcing higher 1979 pre-tax profit and external sales, and forecasting satisfactory, but perhaps lower, 1980 results.

Autos were firmer, led up DM 4.00 by Daimler which forecast satisfactory earnings and increased production in 1980.

Engineerings maintained their firm trend and Linde put on DM 5.00, though KHD was unchanged. Stores were strong, with Kaufhof advancing DM 4 to DM 192.

AEG slipped down from its day's high of DM 86.50 to close DM 1.60 higher on the day at DM 85.70 and BASF dropped 10 pfennigs in otherwise higher Chemicals.

On the Domestic Bond market, public authority loans were slightly easier and the Bundesbank bought DM 9.9m net of paper after purchases of DM 2.3m yesterday.

Australia

Another inflow of overseas funds into the Oil and Gas sector helped underpin a firmer trend yesterday but profit-taking tended to take most shares off their highs.

Trading was again dominated by stocks associated with the Woodada Gas find in Western Australia with Hoama adding 80 cents to A$3.50 and Northwest Mining gaining 45 cents to A$3.10 while well operator Strata finished 5 cents up at A$2.25 after touching A$2.40.

Partners in the Dullingari Murta well met profit-taking despite reporting a 750 barrels-a-day flow yesterday and Vamgas fell 10 cents to A$7.20 after touching A$7.70, while Santos eased 10 cents to A$14.40.

Alternative energy stocks did well, with shale oil hopeful Greenvale, up 20 cents to A$3.70, uranium issue Peko, up 20 cents to A$8.50, and oil-from-coal stock Moonie Oil, up A$3 to A$23.

BHP rose 15 cents to an adjusted all-time record of A$15.30 after announcing an A$35m deal with BP for oil and gas exploration in the Great Australian Bight.

Paris

Share prices tended mixed in fairly active trading.

Chemicals led the firmer sectors with Rhone Poulenc gaining FFr 6.8 to FFr 124.8 and Roussel-Uclaf FFr 10 to FFr 258.

Banking and Insurance, Real Estate and Investment portfolios and Rubbers were steady to mixed.

Construction, Engineering, Foods, Electricals, Metals and Oils were easier, as were Cars. Peugeot continued its weak trend of Tuesday with a FFr 4.5 decline to FFr 220.

NEW YORK

[illegible]

CANADA

[illegible]

BELGIUM (continued)

[illegible]

HOLLAND

[illegible]

AUSTRALIA

[illegible]

JAPAN (continued)

[illegible]

DENMARK · FRANCE · ITALY · NORWAY · SWEDEN · SWITZERLAND · GERMANY · AUSTRIA · BELGIUM/LUXEMBOURG · HONG KONG · SINGAPORE · SOUTH AFRICA · JAPAN · BRAZIL

[illegible]

Indices

NEW YORK —DOW JONES

	July 1	June 30	June 27	June 26	June 25	June 24	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
♦ Industr'ls	872.27	887.82	881.83	883.45	887.54	877.80	901.84 (13/01)	750.15 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	74.87	74.97	75.35	75.84	75.89	76.15	70.01 (23/6)	63.97 (28/3)	—	—
Transport	275.25	673.50	276.86	276.10	275.55	971.82	305.80 (8/2)	233.03 (27/3)	305.80 (8/2/80)	12.25 (8/7/32)
Utilities	113.02	115.33	114.60	114.04	114.82	114.28	115.57 (18/6)	96.84 (07/3)	163.52 (20/4/69)	10.52 (28/4/40)
Trading Vol 000's†	34,500	30,150	33,114	48,115	46,500	37 730	—	—	—	—

♦ Day's high 876.02 low 862.63

Ind. div. yield %	June 27	June 20	June 13	Year ago (approx
	5.98	6.07	6.02	5.72

STANDARD AND POORS

	July 1	June 30	June 27	June 26	June 25	June 24	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
‡Indust'ls	129.25	128.34	130.46	130.66	131.35	129.40	134.47 (11/2)	111.09 (27/7)	134.64 (11/1/73)	3.02 (30/6/32)
§Composite	114.93	114.24	116.00	116.18	116.72	116.14	118.44 (13/2)	98.22 (16/2)	125.85 (11/1/73)	4.48 (1/6/32)

	June 25	June 19	June 11	Year ago (approx
Ind. div. yield %	4.99	5.26	5.18	3.27
Ind. P/E Ratio	7.79	7.75	7.73	7.94
Long Gov. Bond Yield	9.77	9.55	9.75	8.75

N.Y.S.E. ALL COMMON

July 1	June 30	June 27	June 26	1980 High	1980 Low
65.75	65.34	66.34	66.44	67.77 (13/2)	55.30 (27/3)

Rises and Falls	July 1	June 30	June 27
Issues Traded	1,888	1,870	1,886
Rises	819	367	662
Falls	644	1,176	782
Unchanged	423	337	442
New Highs	30	25	27
New Lows	—	2	6

MONTREAL

	July 1	June 30	June 27	June 26	1980 High	1980 Low
Industrial	(c)	370.11	386.34	379.45	423.68 (29/2)	325.21 (27/3)
Combined	(c)	348.30	351.08	356.79	378.80 (29/2)	296.90 (27/3)
TORONTO Composite	(c)	2061.35	2068.46	2057.2	2192.8 (20.2)	1722.5 (27/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Esmark	859,700	47¼	−1¼
Pullman	456,600	31⅛	+3
Amer. Cyan.	440,200	31⅝	+1½
Citicorp	422,600	22⅛	—
Mobil	414,600	73⅝	+2½
Central & SW	411,900	14½	—
IBM	407,000	59⅜	−⅞
Valero	318,200	23⅜	+1½
Nat. Semi.	312,200	25¼	+1½
Am Tel. & Tel.	294,600	52¼	−¼

	July 2	July 1	June 30	June 27	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/30)	915.07	911.24	905.07	898.04	347.47 (14/2)	769.09 (2/1)
Metals & Mins (1936/39)	5898.60	5862.26	5740.06	5690.31	6880.95 (14/2)	4581.26 (26/6)
AUSTRIA						
Credit Aktien (2/1/62)	*67.45*	*67.57*	*67.37*	*67.44*	*68.48 (7/1)*	*66.85 (25/6)*
BELGIUM						
Belgian SE (31/12/63)	95.51	95.08	95.68	96.02	105.75 (11/2)	90.14 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	81.28	80.80	80.21	79.81	80.74 (2/1)	74.76 (5/3)
FRANCE						
CAC General (29/12/61)	107.5	107.90	109.4	110.4	115.2 (14/2)	97.1 (3/1)
Ind Tendance (28/12/79)	108.0	107.60	108.70	109.1	108.70 (18/2)	95.60 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	233.61	230.71	228.39	223.25	232.89 (25/2)	212.76 (28/3)
Commerzbank (Dec. 1953)	734.30	724.20	786.8	720.4	749.2 (25/2)	667.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	83.1	82.0	83.7	83.9	87.0 (11/2)	74.0 (27/3)
ANP-CBS Indust. (1970)	61.6	61.5	62.1	62.6	66.2 (11/1)	59.2 (28/3)
HONG KONG						
Heng Seng Bank (31/7/64)	1037.71	(c)	1059.04	1041.43	1068.84 (30.6)	738.9 (16/3)
ITALY						
Banca Comm. Ital (1972)	163.71	105.65	161.81	104.21	107.74 (20/6)	65.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6810.45	6824.35	6876.70	6826.08	6984.81 (25/4)	6475.95 (27/3)
Tokyo New SE (4/1/68)	469.48	469.95	472.77	470.44	475.55 (25/6)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	126.38	126.89	127.83	128.15	144.70 (14/2)	110.10 (26/3)
SINGAPORE						
Straits Times (1966)	519.56	544.25	545.85	544.58	551.20 (25/6)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	(u)	709.8	693.4	700.7	700.8 (1/7)	848.5 (15/6)
Industrial (1958)	(u)	645.8	642.3	539.9	645.6 (1/7)	455.0 (23/1)
SPAIN						
Madrid SE (28/12/79)	161.98	161.82	(c)	161.22	165.29 (21/2)	93.78 (16/6)
SWEDEN						
Jacobson & P. (1/1/58)	369.22	(u)	371.02	368.49	389.98 (8/2)	334.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	305.8	303.7	305.0	305.0	317.3 (11/2)	284.3 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	145.3	142.7	141.6	143.6 (29/6)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

هكذا من الأصل

EEC mountains now molehills, says Sir Henry

BY RICHARD MOONEY

THE COMMON Market's food mountains have turned into "molehills," Sir Henry Plumh, chairman of the European Parliament's agricultural committee and a leading member of the Tory group in the Parliament, claimed yesterday.

In a speech which appears to be at variance with the British Government's position nn EEC agriculture, Sir Henry, *a former* president of the National Farmers' Union said: "Europe has definitely turned the corner. I dnn't nnw see the Community running into the monetary difficulties we thought we would be having.

"I am not saying that everything is OK but currently, because of the changed situation, the mountains have turned into molehills and hy 1982 I hope the EEC's agricultural policy will be looking in much better shape."

An "excessively pessimistic" picture had been painted at the beginning of the year, Sir Henry said. He thought EEC butter production wonld decline by 2.5 per cent and skimmed milk powder production by 3 per cent this year. *Milk* consumption for cheese manufacturing was higher than ever, he said, and less was being sold into intervention.

A millinn European dairy cows had been slaughtered to help reduce the milk surplus and a further 1m would have been killed by September.

He noted that the butter mountain, which once stood at 450,000 tonnes, had been almost halved, while the skimmed milk powder stock had been cut to 154,000 tonnes compared with its peak of 1.3m.

Sir Henry was speaking at the Royal Agricultural Show in Stoneleigh, Warwickshire.

Sir Henry Plumh, chairman of the Agricultural Committee of the European Parliament: food mountains reduced

UK fishermen losing money

BY RICHARD MOONEY

BRITISH TRAWLERMEN are losing money on every pound of fish landed and the losses are expected to escalate dramatically during the summer, according to a report hy an independent firm of chartered accountants.

The report, hy Hodgson, Harris and Co., shows that quayside prices in the six months to the end of March were on average 0.5p a pound belnw fishing costs. In the six months tn the end of September this gap is projected to widen to 5p a pound.

These figures will be passed on to Fisheries Minister, Mr. Peter Walker, *today by leaders* of the British Fishing Federatinn, which commissioned the report. This was done in response to a call by the Minister for Industry to provide him with hard evidence of its plight to help him in his hid to secure the lion's share of EEC fish resources for the UK at a meeting of the Fisheries Council in Luxembourg on July 21.

"It is clear that most of the prohlems now stem from the low-priced imports coming from the Continent," the Federation commented yesterday. "Unless we get the same sort of substantial financial support that their governments give them, there will be little of the trawler fleet left by the end of the summer."

It said the British deep-sea trawler fleet had already shrunk to under 100 vessels compared with nearly 500 in 1975.

But the Government has been warned that it should not allow the fishermen's difficulties to blind it to the problems of fish processors.

Commenting on a rise in UK fish reference prices annonnced earlier this week in a hid to slow the flow of cheap imports Mr. Michael De Frates, secretary general of the UK Associatinn nf Frozen Food Producers said his members were alarmed at this attempt to increase artificially the cost of imported fish.

He said even if Britain won a 50 per cent share of the EEC cod quota, it would still have to import nearly 100,000 tonnes to meet consumer demand.

"It is nonsensical to make these essential imports more difficult to get by raising tariff barriers and reference prices," Mr. De Frates declared. Government aid to the catching industry should take the form of reducing costs, which were clearly too high, rather than pushing up prices, he suggested.

Sugar prices drift

BY OUR COMMODITIES STAFF

RAW SUGAR futures traded quietly on the London market yesterday with September position down £6.5 on the day to £357.25 a tonne. Traders said the market was inclined to drift in the absence of any fresh physical news, although buying tenders by Turkey for three cargoes of prompt white sugar were expected to effect movement.

The EEC Commission authorised exports of 29,500 tonnes of white sugar at a maximum export levy of 3.509 ECUs per 100 kilos and 8,000 tonnes of raw sugar hy French houses at a maximum levy of 6.010 ECUs. Last week export licences were granted for 34,700 tonnes of whites with a maximum levy of 7.07 ECUs.

Meanwhile the UK sugar beet crop is progressing well after three weeks of heavy rain hut the British Sugar Corporation said the crop now needed sunshine to put sugar in to the roots.

GSA bid rejection confuses tin market

BY JOHN EDWARDS, COMMODITIES EDITOR

NEWS THAT the U.S. stockpile authorities had rejected all bids at its first offering of surplus tin under the new disposal programme started on July 1 brought a surprising reaction on the London tin market yesterday.

Prices rose initially encouraged by the fact that the stockpile authorities appeared determined not to sell below current market levels. But new selling emerged in the afternoon and the three months quotation ended the day £25 lower at £7,250 a tonne, while cash tin was only £5 up at £7,250 also.

The General Services Administration said that it had received bids totalling 595 tons for the stockpile tin at prices ranging from a low of $3.90 to a high of $7.60 a lb.

But it rejected all the bids on the basis that they were below the prevailing market price.

London traders were somewhat baffled by the statement. It was pointed out that market prices were currently above the "ceiling" level fixed by the International Tin Agreement. In addition it was believed that the quality of the stockpile tin could be sub-standard bearing in mind that it has been stored for a long period, even though it is claimed to he "A" grade tin. It was felt that the rejection of all bids may have been a political gesture to Bolivia, which has strongly attacked the stockpile sales.

Another offering of stockpile tin will be made in a fortnight. The GSA plans to hold fortnightly sales with the target of disposing of 10,000 tons of surplus stockpile tin a year over the next three years.

There was an *equally surprising* trend in the copper market yesterday, where prices fell in spite of forecasts that U.S. copper workers could stage a prolonged strike. Cash wirebars closed £5.5 down at £883 a tonne.

The market declined on Tuesday evening following rumours that Magma Copper, whose labour contracts expired a day later than the other main copper companies, might reach a settlement. Instead talks were broken off and the workers went on strike, meaning that the bulk of the U.S. copper industry is now closed down.

Japanese form caustic soda cartel

BY ROY HOOSON

A JAPANESE caustic soda export cartel is to be formed with the full approval of the Japanese Government. The trade and industry ministry has permitted 15 producers to form the cartel immediately. The reason given is to maintain stable supplies of caustic soda to *Australia to ensure stable production* of alumina there.

Behind the permission for the new cartel is deep anxiety in Japan that the country should secure assured supplies of aluminium metal from the new smelters now being built in Australia by international consortia.

Rising oil prices have forced the Japanese to close 500,000 tonnes of aluminium smelter capacity in the last two years as domestic production has become uneconomic.

Japanese companies are prominent among the international investors now backing the building of more than 1m tonnes of new aluminium smelter capacity in Australia based upon cheap electricity from coal-fired power stations.

Australia's demands for caustic soda in the production of alumina from bauxite will rise fast as the new smelters come into production. At present Australia needs to import about *600,000* tonnes of caustic soda annually to meet a total domestic demand for the chemical of 750,000 tonnes.

Japan's caustic soda exports to Australia will be around 130,000 tonnes this year—an increase of more than 30,000 tonnes on last year.

● BOC International said it has sold its metals trading subsidiary Bocmin Metals to Cabot Corporation of the U.S.

Bocmin, formerly BOC Minerals specialises in metals, minerals and ores trading and has a long-term supply contract for cobalt with the Zambian government. BOC said the cobalt contract would continue following the sale to Cabot.

U.S. GRAIN EMBARGO

Anger in the farm belt

BY NANCY DUNNE IN WASHINGTON

THE AMERICAN partial embargo on grain shipments to the Soviet Union has, more than anything else, become the focal point of the frustration felt by U.S. farmers, who in spite of record agricultural exports, have this year endured falling prices, higher costs and a credit squeeze.

With wheat prices at $3.47 per bushel for the first two weeks of June, 30 cents below the price in June last year, farm state Congressmen reacted angrily last month to an announcement by the Agriculture Department that U.S. grain companies would he permitted to resume shipments of non-U.S. grain to the Soviets. In short order, Senator Robert Dole, a Kansas Republican and Congressman Thomas Harkin, an Iowa Democrat, introduced legislation which would effectively rescind the embargo.

While the bills have small chance of passage, they did set a forum for debate on the success or failure of the embargo. Called to a house agriculture committee hearing, Secretary of Agriculture Bob Bergland defended the policy, saying it would be continued. The Soviets, he claimed, "have felt the sting . . . milk production is down, chicken prices up. The Russians have been moving their best meats in to Moscow for the Olympics and unrest has been felt."

Farm state Congressmen were quick to dispute his claims. Demanding that the Carter Administration simply admit that the embargo has failed, Mr. Harking cited statistics provided by the Congressional Research Service, indicated that the Soviet Unioo's shortfall of 1979-80 grain was just 3.5m metric tons, "less than one-half the corn crop of my own congressional *district*."

The amount of the shortfall is another matter of dispute, depending largely on interpretation of estimates. The USDA says it was 6m metric tons on a July-June crop year and 10m metric tons on an October-September crop year. The timing of the shortfall, says department officials is also significant. They say it occurred from April to June when the Soviets reserves were at their lowest.

While the success of the embargo is being debated, one of its results is becoming more clear: a shift in agriculture trade patterns. Argentina, which exported no wheat to the Soviets in 1978-79, sold them 2m metric tons this year. The Canadians sold them 3.8m metric tons this year and reportedly will sell them 5m metric tons next year. The Australians, under an agreement concluded before the embargo was announced, exported 3.9m metric tons to the Soviet Union this year, 11 times more than in 1978-79.

With worldwide demand increasing at an estimated rate of 3.9m metric tons each year, the U.S. grain traders have been finding a number of new customers. The Agriculture Department has been negotiating bi-lateral agreements, says Mr. Bergland, very much like the one negotiated with the Russians, Japan, Poland, Romania and Israel, he says, are among those nations interested in buying U.S. grain on a long-term basis.

Although U.S. exports have been running at record levels, they are still less than they would have been had there been no embargo. Wheat exports this year soared to 37.4m metric tons, up from a high of 33.1. Corn exports hit a record 71.1m metric tons, up from a previous high of 60.2m.

The 1978-80 corn crop was also at record levels, 7.8bn last year, a 10 per cent increase over the previous year. The wheat crop at 2.1bn was not a record, but it was a good crop, nearly matching previous highs.

While the American farmers are upset about the boycott, they also feel the Carter Administration has done little to help them in their cost-price squeeze. The Administration's set aside and diversion programmes, designed to keep prices up, were never instituted, even after the embargo was announced.

The Administration's loan programme offers them a miserly $2.50 per bushel, at the same time the agriculture department is estimating the cost of production at $3.93. While the loan rate may be increased to $2.85 this year, or even $3.30 if supplemental legislation now in the Senate is passed, the USDA is predicting the cost of producing for 1980-1981 at $5 a bushel.

When the new crop predictions are released next week, the Administration will formulate plans to reinstitute price support programmes. It is an election year and, while the President swept the farm states in the Democratic primaries, anger in the farm belt has deepened, and Ronald Reagan, the all-but-certain Republican candidate, is looking like an increasing attractive alternative to many U.S. farmers.

Soviet outlook

PERSISTENT rain in many areas has brightened prospects for the Soviet grain harvest, but a spell of hot, dry weather is now essential if crops are to ripen properly, western experts said.

The present condition of the grain crop ruled out a repeat of the 1979 failure, which was caused by an early summer drought in May and June.

Meat demand growth slows

WORLDWIDE demand for meat in the first half of 1980 did not increase as quickly as expected and has not even matched the modest growth of world meat production during that period, the UN Food and Agriculture Organisation reported yesterday.

In the latest issue of its monthly food outlook report, it said that for the remainder of the year, FAO expects world meat production to grow even more slowly than the 2 per cent rate of increase which prevailed during the first half of 1980.

Pork and poultry production rose strongly and continued to replace beef during the first half of the year, particularly in North America. Most of the increase in poultry production occurred in developing countries, the U.S. and the Soviet Union.

The continuing cyclical decline of beef output in North America, South America and Oceania was not compensated by increases in most other parts of the world—total bovine meat production thus declined further. Sheepmeat output increased slightly, particularly in Oceania, Europe and the Soviet Union, it said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on the London Metal Exchange. Forward metal moved up from £903 to £910 during the morning reflecting fears of a lengthy strike by *U.S. miners. However, in the afternoon* the market fell away on profit-taking, short-selling and selling prompted by the easier tone in gold, to close the late Kerb at £904.5. Turnover 21,725 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	887-8	—9	882-4	—5.5
3 months	908-.5	—9.5	905-6	—7
Settlem't	888	—9	—	.....
Cathodes				
Cash			860-2	—2
3 months	883-5	—6.5	882-3	—5.5
Settlem't	884-5	—7.5	—	.....
U.S. Prod	363	—5.5	*88-90	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £887, three months £907, 8. Cathodes: Cash £862, three months £885, 84. Kerb: Wirebars: Three months £908, 7, 8, 8.5, 8. Afternoon: Wirebars: Three months £906, 5, 7, 6, 5. Kerb: Wirebars: Three months £904, 3, 4.

TIN—Little changed despite news that the GSA had rejected all the bids for the initial sale of stockpile tin. Forward metal opened firmer around the £7,330 level but attracted hedge selling throughout the morning and afternoon to close the late Kerb at £7,220. Turnover: 935 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7250-70	—85	7240-60	+5
3 months	7270-80	—52.5	7260-85	—25
Settlem't	7270	—80	—	.....
Standard				
Cash	7250-70	—42.5	7240-60	+5
3 months	7250-5	—32.5	7240-60	—25
Settlem't	7270	—35	—	.....
Straits E.	$82160	+18	—	.....
New York	—	.....	—	.....

Morning: Standard: Three months £7,320, 7,300, 7,290, 70, 50, 60, 70, 75, 70, 80, 70, 60, 55. High Grade: Cash £7,270. Kerb: Standard: Cash £7,265; three months £7,265, 60, 55, 50. Afternoon: Standard: Three months £7,250. Kerb: Standard: Three months £7,250, 40, 30, 20.

LEAD—*Marginally firmer.* Forward metal traded within narrow limits prior to ending the late Kerb at £346.5 after a high of £348 on the pre-market. Turnover: 9,200 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	340-.5	—1.25	337-8	+8
3 months	347-8	.....	345.5-6	+3.75
S'ment	340.5	—1.5	—	.....
U.S. Spot	—	.....	*36-40	.....

Morning: Cash £341, 40: three months £347, 49, 47, 48, 49, 49. Kerb: Three months £347, 46, 47. Afternoon: Three months £346, 45.5. Kerb: Three months £345, 46, 47.

ZINC—Little changed. Forward metal moved up from £318 to reach £319 during the afternoon but came under modest selling pressure on the late Kerb to close at £313.5. Turnover: 11,575 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	306.5-7	+1.25	306-7	+2.5
3 months	318-9	+1	319-.5	+2.5
S'ment	307	+1	—	.....
Primw'ts	—	.....	*36.5	.....

Morning: Cash £306, 6.5: three months £316, 17, 18, 19, 18, 18.5, 19. Kerb: Three months £318, 19, 18. Afternoon: Three months £319, 20, 19, 18.5, 19, 18.5, 18. Kerb: Three months £317, 18, 17, 15.

ALUMINIUM—Lost ground following chartist selling which depressed forward metal from £718 to a low of £709 prior to a close of £711.5. Turnover: 9,575 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	716-8	—15.5	715-7	—10
3 months	711-2	—12.7	710.5-11	—8.75

Morning: Three months £716, 15, 14, 11, 12, 13, 12, 11. Kerb: Three months £711. Afternoon: Three months £709, 9.5, 10, 11, 10.5, 11. Kerb: Three months £710, 11, 12, 11.

NICKEL—Slightly easier in subdued trading which saw forward metal dip from £2,870 to £2,855 on the afternoon Kerb. Turnover: 354 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2810-20	—10	2800-10	—12.5
3 months	2856-8	—1	2850-60	—7.5

Morning: Three months £2,870, 60, 65, 69. Afternoon: Three months £2,860. Kerb: Three months £2,850.

SILVER

Silver was fixed 7.7p an ounce higher for spot delivery in the London bullion market yesterday at £7.32. U.S. equivalents of the fixing levels were: Spot $17.294, up 18.3c; three-month $17.68, up 22c; six-month $18.088, up 20.9c and 12-month $18.928, up 23.7c. The metal opened at £7.15-£7.30 ($16.90-17.20) and closed at £7.05-£7.20 ($16.65-16.95).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	732.0p	+7.7	713p	+2
3 months	761.0p	+7.7	743p	+2.5
6 months	786.0p	+7.7	—	.....
12 months	832.50p	+8.8	—	.....

LME—Turnover 236 (229) lots of 10,000 ounces. Morning: cash 729, three months 755, 54, 52, 50, 52, 53, 58, 59. Kerbs: three months 755. Afternoon: three month 744, 46, 43. Kerbs: three months 744, 41, 40, 39, 38, 37, 38.

COCOA

Trading within a narrow range futures ended the day a little steadier

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1047-1050	+11.5	1049-1030
Sep	1060-1061	+8.0	1067-1043
Dec	1103-1104	+3.0	1111-1086
March	1143-1144	+3.0	1152-1130
May	1169-1164	—3.5	1187-1156
July	1183-1186	—1.0	1186
Sept	1206-1208	.....	—

Sales: 2,130 (3,477) lots of 10 tonnes.

on the near positions but unchanged afterwards. In this quiet atmosphere physicals were largely ignored by consumers although there were light sales from producers, reports Gill and Duffus.

COFFEE

After initial steadiness robustas weakened under continuous pressure from producer type selling but support by commission houses tended to restrict the downside potential, reports Drexel Burnham Lambert. In the afternoon a weak New York together with selling from the trade induced lower prices but further cold weather reports from Brazil began to filter through to the market and prices rallied sharply *back to unchanged levels.* Late profit-taking and producer participation towards the close prompted an irregular finish to the day.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1405-10	—14.0	1440-1390
Sept	1480-88	—6.0	1509-1446
Nov	1503-08	—13.5	1534-1480
January	1518-20	—8.0	1543-1500
March	1506-15	+3.0	1530-1508
May	1510-35	—2.0	—
July	1500-50	—5.0	—

Sales: 7,403 (7,923) lots of 5 tonnes.

ICO indicator prices for July 1 (U.S. cents per pound): Other Mild Arabicas 168.00 (165.00); Robustas ICA 1976 168.00 (165.00); ICA 1968 158.50 (154.50); Unwashed Arabicas 207.00 (same); Comp. daily ICA 1968 179.83 (178.17).

GRAINS

LONDON GRAIN FUTURES—Grains opened unchanged on barley to 10 up on wheat which saw some initial buying interest and values traded 10p-15p up. Hedge selling pressure was seen at these levels and values gradually dropped back and buying interest evaporated in the afternoon session to close 20p-30p down on the day in fairly quiet trading conditions, reports Acli.

	WHEAT		BARLEY	
Mnth	Yesterday close	+ or —	Yesterday close	+ or —
Sept	96.60	—0.25	91.80	—0.25
Nov	99.45	—0.25	95.70	—0.25
Jan	103.35	—0.20	98.55	—0.20
May	105.75	—0.25	102.85	—0.05
Mar	110.15	—0.30	106.15	—0.50

Business done: Wheat: Sept. 96.00-95.60, Nov. 99.85-99.45, Jan. 103.65-103.35, March 107.00-106.75, May 110.40-110.35. Sales: 178 lots of 100 tonnes. Barley: Sept. 92.10-91.65, Nov. 96.00-95.70, Jan. 99.80-99.55, March 103.15-103.15, May 106.50-106.35. Sales: 92 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley Eastern 91.30, E. Midlands 91.00, Scotland 90.70. Other milling wheat N. East 108.0

IMPORTED—Wheat: U.S. Dark *Northern Spring No. 2* 14 per cent July 97.25, Aug. 98.00, Sept. 100.15 quoted transhipment east coast. U.S. Hard Winter 13½ per cent July 93.90. English Feed fob Oct.-Dec. 103.50 East Coast. Barley: English Feed fob Sept. 94.50, Oct.-Dec. 99.50 East Coast. Rest unquoted.

RUBBER

The London physical market opened about unchanged, with good interest throughout the day, closing on a steady note. Lewis and Peat reported a Malaysian godown price of 291 (291.5) cents a kg (buyer, July).

Sales: 299 (124) at 15 tonnes, 11 (85) of 5 tonnes.

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Aug	61.20-61.40	60.60-60.80	61.40-60.80
Sept	62.30-62.50	62.00-62.10	62.20
Oct-Dec	64.50-64.70	64.30-64.40	64.60-65.00
Jan-Mar	67.50-67.60	67.40-67.50	67.70-67.10
Apr-Jne	70.60-70.70	70.40-70.60	70.70-70.10
Jly-Sept	73.50-73.40	73.20-73.40	73.40
Oct-Dec	75.50-75.70	75.50-75.70	75.50-75.40
Jan-Mar	78.00-78.10	78.00-78.50	78.20-78.10
Apl-June	80.60-80.70	80.50-81.40	80.60-80.70

Physical closing prices (buyer) were: Spot 59.50p (same); Aug. 62.75p (62.50p); Sept. 63.50p (63.25p).

SOYABEAN MEAL

The London market opened slightly easier and drifted on trade selling, reports T. G. Roddicks. Prices soon ran into commission house buying over concern at hot and dry weather conditions prevailing in the U.S. The market finished firm on stop-loss buying, showing gains of up to £2.50.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	108.00-08.5	+2.15	108.50-05.10
October	108.00-08.1	+2.05	109.00-05.10
December	111.10-11.0	+2.0	111.10-08.50
February	114.20-14.5	+2.10	114.50-11.50
April	115.00-16.5	+1.55	115.00-14.80
June	115.00-18.5	+0.25	—
August	115.50-20.0	+0.25	—

Sales: 251 (69) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £310.00 (£323.00) a tonne cif for July-Aug. shipment. White sugar daily price was £338.00 (£344.00).

The market generally lacked interest and prices drifted in dull trading conditions, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug	355.00-58.00	358.00-41.05	341.00-51.00
Oct	357.00-57.50	365.50-54.00	365.50-57.50
Jan	369.00-70.00	375.50-77.00	375.50-70.00
Mch	379.50-79.75	380.75-85.00	390.00-79.00
May	375.05-74.50	378.75-79.80	379.00-74.00
Aug	362.00-63.56	368.50-70.80	368.00-68.00
Oct	354.53-56.00	381.00-64.00	—

Sales: 3,596 (4,892) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order: buyer, seller only). Aug. 352.00, 352.75; Oct. 367.25, 367.50. Sales: 2,12 (2,784).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.60 (same) a tonne for home trade and £422.50 (£441.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for July 1: Daily price 32.21 (31.81); 15-day average 31.49 (31.21).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. August 361, 369-362, 5; Oct. 361, 365, 364-362, 4; Dec. 365, 367, nil, nil; Jan. 365, 366, nil, nil; March 370, 371, 371-370, 8; May 373, 374, 375-373, 2; August 375, 377, nil, nil; Oct. 376, 377, 380-377, 4; Dec. 375, 378, nil, nil. Sales 24.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 465.0, 466.0, 466.0-460.0, 49; Oct. 451.0, 452.0, 452.0-451.0, 25; Dec. 451.0, 452.5, 453.0-452.0, 40; March 456.0, 457.0, 457.0-455.5, 15; May 455.5, 458.0, 458.0-457.0, 31; July 459.5, 461.0, 460.0-459.0, 12; Oct. 459.5, 461.0, 460.0-459.0, 7; Dec. 456.0, 461.0, 460.0-459.0, 18. Sales 194.

POTATOES

LONDON POTATO FUTURES—Lack of fresh news left prices largely unchanged all day, but some limited selling of February mid morning put the price down to 52.50 before recovering again by the close, reports Coley and Harper. Closing prices: Nov. 46.10 +10 (high 46.10, low 45.80); Feb. 52.90 unchanged (high 52.90, low 52.50); April 60.10 +10 (high 60.10, low 60.00). Turnover 59 lots of 40 tonnes.

COTTON

LIVERPOOL—No spot or shipment sales were recorded, leaving the total for the week so far at 100 tonnes. Evident lack of enterprise appeared to pervade the market and operations were at minimum levels. Although occasional inquiry was experienced the attitude of users was to react with considerable caution and only scattered demand was mentioned in Middle Eastern qualities.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 2 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1680/1700	....	$1690/20
Copper			
Cash w'bar	£883	—5.5	£886
3 mths	£905.5	—7	£905.75
Cash Cathode	£851	—2	£865
3 mths	£882.5	—5.5	£887.5
Gold troy oz	$663.5	—3	$577
Lead Cash	£337.5	+2	£315.25
3 mnths	£345.75	+0.75	£313
Nickel	£3,248.35	....	£3,335.3
Freemkt (cif) lb	280.310c	—7.5	255/285c
Platin'm'ty oz	£182.50	....	£189/195
Free mkt	£295.20	—1.85	£258.05
Quicksilver	$395/405	+5	$380/400
Silver troy oz	732.0p	+7.7	653.50p
3 mths	761.0p	+7.7	575.80p
Tin Cash	£7,250	+5	£7,560
3 mths	£7,350	—25	£7,445
Tungsten 22.04lb	$138.82	....	$141.73
Wolfrm 22.04lb	$143/146	....	$138/145
Zinc cash	£306.5	+2.5	£294.25
3 months	£313.25	—8.5	£305.25
Producers	$750	....	$780/825
Oils			
Coconut (Phil.)	$632x-60a	—7.5	$585
Groundnut	....	....	....
Linseed Crude	£400r	....	£404
Palm Malayan	$545r	....	$565
Seeds			
Copra Philip	$435	....	$415
Soyabean (U.S.)	$281.0	+4.18	$252
Grains			
Barley Futures	£95.70	—0.25	£95.30
Maize			
French No3AM	....	....	....
Wheat			
No.1 Red Spg.	....	....	....
No2NardWint	$95.90z	—0.50	....
Eng. Millingt.	....	....	....
Other commodities			
Cocoa ship't	£1,115	+8	£1,153
Future Sept.	£1,060.5	+8	£1,097
CoffeeF t'Sept.	£1,484	—6	£1,160.5
Cotton A.Index	86c	—0.85	85.50c
Rubber (kilo)	58.50p	....	57p
Sugar (Raw)	£310	—13	£305
Woolt'ps 64s kl.	290p kilo	....	285p kilo

u July-Aug. x June-July. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

★

GRIMSBY FISH—Supply: good, demand fair. Prices at ship's side (unprocessed) per stone: Shell cod £4.00-£4.50, codlings £2.00-£3.20, Shell haddock £3.00-£4.20. Medium haddock £2.60-£3.60, small £1.80-£2.50. Large plaice £3.80-£5.60, medium £3.50-£5.60, best small £3.50-£4.30. Skinned dogfish medium £6.50. Lemon sole large £7.00 medium £6.00. Rockfish £2.30-£2.50. Reds £2.50. Saithe £2.00-£3.20.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 69.0; Ulster hindquarters 78.0 to 82.0, forequarters 41.0 to 44.0; Eire hindquarters 77.0 to 81.0, forequarters 41.0 to 44.0. Veal: Dutch hinds and ends 97.0 to 100.0. Lamb: English small 64.0 to 70.0, medium 62.0 to 68.0, heavy 60.0 to 67.0; Imported frozen: *New Zealand* PL 60.0 to 62.0, PM 57.0 to 59.0. Pork: English, under 100 lb 40.0 to 49.0, 100-120 lb 39.0 to 47.5, 120-160 lb 38.0 to 45.5.

MEAT COMMISSION—Average fatstock prices at representative markets on July 2. GB cattle 78.96p per kg. lw. (—1.66). UK sheep 149.28p per kg est dcw (—1.98). GB pigs 67.94 p per kg lw (+0.32).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Moroccan: 54/113's 3.50-4.00; Cyprus: Valencia Lates 3.60-4.50; Arizona: Valencia Lates 72/113's 5.00-5.80; Outspan: Navels 3.50-4.85. Lemons—Italian: 100/150's 4.50-5.50; Spania: Trays 25/45's 1.80-2.20, boxes 4.50-5.50; S. African: 6.00-7.00. Grapefruit—Outspan: 4.00-5.25; Texas: Pink flesh 7.50-8.00. Apples—New Zealand: Sturmer Pippins 9.50-9.60, Granny Smith 9.60; Tasmanian: Sturmer Pippins 9.40-9.50, Crofton 11.50, King Cole 11.00-11.50; S. African: Golden Delicious 9.50-10.00, Granny Smith 9.60-9.80; Dutch: 22 lb Golden Delicious 2.50; French: 40-lb boxes, Golden Delicious 138/198's 5.20-7.80, 20 lb 3.80-4.00; Italian: Jonathans/Romes 40 lb 7.30-7.50. Pears—Victorian: Josephines 12.00, Packham's 12.00. Peaches—Spanish: Yellow flesh 2.00-3.50; Italian: 1½ trays 2.80-5.00; French: 2.70-4.00. Plums—Spanish: Red 1.50-3.00, Yellow 1.20-1.50, Gaviota trays 7 lb 1.50-2.30, Burbanks 2.50-3.50. Apricots—Spanish: 3.00-3.50. Cherries—Per pound, French: 0.30-0.35; Italian: 0.40-0.50. Grapes—Per pound, Californian: Perlette 0.90, Cardinal 0.80; Israeli: Approx. 9 lb 8.00; Cyprus: Cardinal per pound 0.80. Melons—Israeli: Galia 4.00; Spanish: Marine 5/6's 2.00-2.40, Ogen 3.00, Galia 3.50, Yellow 5.00-5.50. Watermelons—Israeli: 5.00; Spanish: 3.50-4.00. Avocados—S. African: 3.20-3.50. Bananas—Jamaican: 28 lb, per pound 0.18. Tomatoes—Dutch: 2.40-2.50; Guernsey: 2.20-2.50; Jersey: 2.20; French: 2.00. Onions—Spanish: 5.60-6.50; Egyptian: 6.50; French: 5.00; Portuguese: 5.00. Potatoes—Cyprus: New crop 20 kg 4.20; Jersey: 4.95. Carrots—French: 22 lb 2.40, 26 lb 3.20; Italian: 2.40; Cyprus: 1.60. Beetroots—Cyprus: New crop, approx. 28 lb 1.80. Cabbages—Dutch: White 2.00-2.50. Courgettes—French: Per pound 0.25-0.30. Capsicums—Dutch: 5.20-5.40.

English Produce: Potatoes—Per bag, new 3.25-3.40. Mushrooms—Per pound 0.40-0.70. Apples—Per pound Bramley 0.13-0.19. Strawberries—English per ½ lb 0.15-0.25. Cabbages—Per bag 0.80-1.00. Cauliflowers—Per 12's English 3.50-4.50. Peas—Per pound 0.18-0.20. *Broad Beans—Per pound 0.08.* Beetroots—Per bag 2.40. Cucumbers—Trays 10/20's 1.60-1.80. Tomatoes—Per 12 lb 2.10-2.40. Lettuce—Per 12, round 0.80-1.00, Cos 1.00, Webbs 1.20. Carrots—New crop 28 lb 2.50-3.50. Rhubarb—Per pound outdoor 0.05-0.06. Onions—Per bag 8.30-6.60. Celery—English 12/30's 2.50-3.00. Gooseberries—Per pound 0.10-0.12. Cherries—Per pound 0.30-0.35.

AMERICAN MARKETS

NEW YORK, July 2.

THE EXTREME heat wave in the Southern U.S. has taken its toll in many markets. Grains and soyabeans staged a major rally. The livestock complex was mostly limit up, and the cotton was sharply higher. Copper was sharply higher on trade protection buying against an extended strike. Sugar backed off in a major move to the downside on commission house profit taking. Coffee sold off on reports of warm temperatures in Brazil. Cocoa advanced moderately on lack of origin selling. Gold sold off sharply on profit taking, while silver traded mostly mixed, reported Heinold.

Potatoes (round whites)—Nov. 79.2 (79.2), March 101.5-102.0 (101.0), April 122.8-123.2. Sales: 1,419.

Sugar—No. 11: Sept. 32.35-32.40 (34.25), Oct. 34.47 (35.47), Jan. 35.65, March 36.67, May 35.69, July 34.80, Sept. 33.93, Oct. 33.50. Sales: 11,330.

Tin—718.00-788.00 asked (772.00-790.00).

CHICAGO, July 2.

Lard—Chicago loose 17.75 (18.00). New York prime steam 17.75 (18.00).

Live Cattle—Aug. 71.00 (69.50), Oct. 69.30, Dec. 69.97, Jan. 70.72, Feb. 71.12, April 71.72, June 73.50.

Live Hogs—July 42.75 (41.25), Aug. 41.57 (40.07), Oct. 41.15, Dec. 44.42, Feb. 47.10, April 46.30, June 48.35, July 48.75, Aug. 48.35.

‡‡Maize—July 294½-294¾ (288¾), Sept. 301½-300 (295), Dec. 307½-309, March 321¾-321½, May 329¾-329, July 334-335.

Pork Bellies—July 40.32 (38.32), Aug. 39.85 (37.65), Feb. 65.67, March 55.57, May 56.25, July 56.40, Aug. 55.75.

Silver—July 1678.0 (1685.0), Aug. 1687.0-1690.0 (1700.0), Sept. 1710.0, Oct. 1721.0, Dec. 1753.0, Feb. 1785.0, April 1817.0, June 1849.0, Aug. 1831.0, Oct. —, Dec. —, Feb. —, April 2009.0, June —, Aug. —, Oct. —.

†Soyabeans—July 704 (674), Aug. 711-711½ (681½), Sept. 718½, Nov. 734-736, Jan. 751-750½, March 768-769, May 782½, July 792.

‖Soyabean Meal—July 189.5-189.0 (181.3), Aug. 192.5-192.0 (184.5), Sept. 195.4-195.5, Oct. 198.5, Dec 203.5-203.0, Jan. 205.0-205.6, March 208.5-209.0, May 212.5-213.0, July 217.0, Aug. —.

Soyabean Oil — July 25.10-25.15 (23.96), Aug. 25.13 (24.13), Sept. 25.32, Oct. 25.45-25.50, Dec. 25.80-25.70, Jan. 25.80-25.90, March 26.15, May 26.35-26.40, July 26.65, Aug. 26.50-26.60.

†Wheat—July 436-435½ (426), Sept. 448-449 (439), Dec. 468-466, March 481½, May 487, July 491½-491.

WINNIPEG, July 2. §Barley—July 140.60 (138.10), Oct. 134.00 (130.20), Dec 132.10, March 130.90, May 131.10.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 2.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, July $198. U.S. No. 2 Red Winter July $187, Aug. $188, Sept. $190. U.S. No. 2 Northern Spring, 14 per cent, July $208, Aug. $209, Sept. $211.50, Oct. $211.50, Nov. $214, Dec. $218. Rest unquoted.

Maize—Spot $146, June $139.5, July $140.75, Aug. $143, Sept. $145, Oct./Dec. $149, Jan./March $156.75, April/June $162.

Barley—Aug. $168, Sept. $172.

Soyabeans—U.S. Yellow Gulfports afloat $269 July $272.75, Aug. $276, Sept. $281.25, Oct. $286, Nov. $286, Dec. $292.25, Jan. $296, Feb. $302.25, March $305.25, Aug. $309. Argentina afloat $266, June $267, July $267, Aug. $269.60.

Soyameal—44 per cent protein afloat $216 traded U.S., July $225, Aug. $228, Sept. $233, Oct. $238, Nov./March $248.60. Brazil Pellets afloat $218.50 traded, July $229, Aug. $235, Sept. $240, Oct. $245.50, Nov./March $250.

PARIS, July 2.

Cocoa—(FFr per 100 kg). July 920-980, Sept. 992-1,019, Dec. 1,025-1,030, March 1,065-1,090, May 1,070-1,100, July 1,090-1,100. Sales at call: 2.

Sugar—(FFr per 100 kg). Aug. 3,205-3,220, Oct. 3,346-3,350, Nov. 3,325-3,380, Dec. 3,420-3,440, March 3,570-3,580, May 3,580, July 3,585, Aug. 3,590. Sales at call: nil.

INDICES

FINANCIAL TIMES

July 1	Jun 30	Mnth ago	Year ago
268.85	267.45	257.72	292.05

(Base: July 1, 1952=100)

MOODY'S

July 1	June 30	M'nth ago	Year ago
1181.3	1175.9	1111.8	1085.8

(December 31 1931=100)

DOW JONES

Dow Jones	July 1	June 30	Month ago	Year ago
Spot	431.63	427.20	402.37	417.23
F'tur's	445.10	441.58	438.75	428.86

(Average 1924-25-26=100)

REUTERS

July 2	July 1	M'nth ago	Year ago
1586.0	1585.1	1580.3	1598.4

(Base: September 18, 1931=100)

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that

1. New Japan Securities Europe Limited of 1 Moorgate, London EC2N 6JH, has relinquished the Principal's Licence issued pursuant to Section 3 of the Act, having been exempted from the requirement to hold such Licence by virtue of being a member of the United Kingdom Association of Tokyo Stock Exchange Members which by an order made by the Department of Trade on 20th February 1980 was declared to be a recognised association of dealers in securities pursuant to Section 16 of the Act.
2. New Japan Securities Europe Limited has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No 541) for the release of the five hundred pounds deposited in pursuance of Section 4 of the Act.
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1, not later than 29th July, 1980.

IN THE MATTER OF THE STAINLESS & RUSTLESS STEEL COMPANY LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the Thirtieth day of July, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned David Murray Nixon of 11/13 Holborn Viaduct, London EC1P 1EL, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of June 1980.

D. M. NIXON, A.C.I.S.,
Liquidator.

N.B.—This notice is purely formal. All known creditors have been, or will be, paid in full.

Foreign investment revives and long tap is exhausted
Gilt rises stretch to £1 but equities close below best

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4

* "New time" dealings may take place from 9 am two business days earlier.

Foreign investment funds flowed into Gilt-edged securities yesterday and the market, apparently fully recovered from its recent bout of stock indigestion, made good headway. A firmer early trend was derived from a revival of hopes that Minimum Lending Rate would be cut shortly provided bank lending has been reduced; the latest clearing bank statistics are due next Tuesday.

Gilt edged quotations quickly rose about ¾ and held, but shortly after 1 pm a sparsely attended market was surprised by the unexpected exhaustion of the long tap stock, Treasury 13 per cent 2000, following a successful bid of 30½; first-time dealings in the £1bn stock began last Thursday. The tone immediately strengthened further and overall gains of a point were fairly frequent before profit-taking pared them to around ⅞. Exceptions were the partly-paid issues which retained rises in excess of a point.

Leading equities were encouraged by the performance of Gilts and showed no signs of recent concern about the plight of UK manufacturing industry. Lucas Industries' stance on wage claims generated some hope of moderation in pay settlements. Institutional investors were not drawn into the market, however, and on completion of small public buying orders most leaders eased from the best. Measuring this, the FT 30-share index shed nearly a half of its noon rise of 4.1 to close a net 2.2 up at 463.6.

Speculative attention again focused on the Australian exploration sector where values moved still higher prior to losing momentum towards the close. Domestic Oils attracted considerable inquiries but the volume of business was less impressive until an after-hours' improvement in LASMO and one or two other stocks.

Courtaulds again attracted an active business in Traded options and contributed 335 trades to a total of 1,225. Mining issues were also in demand with Cons. Gold Fields and RTZ recording 244 and 156 deals respectively.

Insurances readily responded to fresh investment support and prices were still improving after the official close. Among Life issues, Legal and General rose 7 to 196p and Prudential 8 to 216p, while gains of around 9 were recorded in Hambro Life, 230p, and Equity and Law, 248p. Composites registered gains to 12, Sun Alliance firming that much, to 664p, while Eagle Star, 212p, Guardian Royal Exchange, 300p, and General Accident, 290p, all added 8.

In Merchant Banks, a combination of revived bid hopes and a broker's circular lifted Hill Samuel 7 to a 1980 peak of 125p. Mercury were also wanted and improved 4 to 212p, while Hambros rose 8 to 488p.

The settlement of the Burton brewery workers' dispute lifted recently depressed Bass and the close was 4 better at 224p. Other leading Breweries traded quietly and held steady around the overnight positions. Scottish and Newcastle were unchanged at 56½p; the preliminary results are expected today. Among Wines and Spirits, Amalgamated Distilled Products, which announced an American tie-up earlier in the week, added a penny more to 43p after Press comment.

Business in Buildings was sluggish, but the leaders usually managed modest improvements, Blue Circle firming 4 to 348p and London Brick adding 1½ to 75½p. Second thoughts about the interim profits left SGB 3 cheaper at 157p, but Tilbury Contracting found support and firmed 6 to 195p. Elsewhere, British Dredging added 3 to 24p, after 25p, on an investment recommendation, but small selling clipped 10 from Nottingham Brick, 175p, and 3 from Barratt Developments, 105p.

A relatively small evenly-balanced trade left ICI 2 harder at 378p. Among other Chemicals, Revertex shed 2 to 49p as Hoechst UK expressed doubts about Yule Catto's £5m bid for the outstanding Revertex equity. Scattered offerings left R. H. Morley 5 cheaper at a 1980 low of 85p, but Laporte, unsettled on Tuesday by redundancy fears, improved a penny to 99p.

Freemans firm

Stores passed another quiet session with most closing a shade easier on balance. British Home, a couple of pence firmer ahead of the annual meeting, closed 2 off at 304p, while similar falls were seen in Marks and Spencer, 88p, GUS A, 422p, and Mothercare, 236p. In contrast, mail-order issues ended with useful gains, Freemans featuring with a rise of 6 at 116p; Grattan, 68p, and Empire, 154p, added 2 apiece. Elsewhere in secondary counters, the trend was to lower levels. Comet Radiovision fell 4 to 83p, as did MFI, to 50p.

Helped by news that the Ultrasound sale negotiations are near completion, Thorn EMI advanced to 302p before settling at 298p for a rise of 8 on the day. Elsewhere in the Electrical leaders, GEC held steady at 394p awaiting today's preliminary statement; it was announced on Tuesday that the joint venture with Fairchild of the U.S. to mass produce microchips in Britain had been abandoned. Following the placing of the bulk of the NEB's holding at 530p per share, dealing resumed in Ferranti which opened around 570p, compared with the suspension price of 595p, and rallied 587p before closing at 571p. STC found support at 367p, up 7, but revived selling left Muirhead 4 cheaper at 112p.

Price changes in today's Share Information Service are based on the quotations published yesterday which were not fully updated to take account of Tuesday's late dealings because of editorial production difficulties.

Among the Engineering leaders, Tubes trended a shade harder in the early dealings before drifting back to close 2 down on balance at 248p. GKN, however, held on to a gain of 4 at 232p. Vickers were unaltered at 132p which values the offer for Rolls-Royce Motors at 66p; the latter closed 2 cheaper at 68p. Scattered movements in secondary issues were usually against holders. British Aluminium eased 5 more to 188p and similar losses were marked against A. Cohen, 230p, and B. Elliott, 243p. Fresh offerings left Staveley 4 down at 204p, while Wheway Watson fell 2½ to 10½p. Among the firm spots, Ash and Lacy firmed 4 to 174p following an investment recommendation and Serck hardened 2 to 51p on news of the U.S. acquisition.

J. Sainsbury held at 405p following the chairman's cautious optimism at the annual meeting, while Tesco shed a penny to 54p on news that the Inland Revenue is challenging the group's claims for tax relief on two separate counts. Elsewhere in Foods, A. G. Barr firmed 5 to 145p on the modest increase in interim profits, while Avana put on 7 for a two-day gain of 11 to 145p, after 147p, in response to the better-than-expected preliminary results.

The chairman's confident remarks at the annual general meeting failed to prevent selling of Ladbroke which shed 6 to 160p.

Hay's Wharf higher

Still reflecting the bid approach from the Kuwait Investment Office, Hay's Wharf met fresh demand and pushed ahead to 274p before settling a shade below the best at 272p, up 32 on the day, for a rise of 106 since the announcement. Ropner responded afresh to the preliminary figures with a gain of 9 at 97p, while renewed speculative demand lifted Wilkinson Match 13 to 142p. Johnson Matthey rallied 5 to 375p and revived investment buying left European Ferries a similar amount dearer at 176½p. Gains of around 4 were recorded in Diploma, 472p, BTR, 344p, and Chubb, 102p, while Elswick Hopper responded to favourable Press mention with a gain of 1½ to 19p. By way of contrast, Neil and Spencer were dull at 90p, down 4, while smaller-priced issues to give ground included Somic, 22p, and PMA, 30p, down 2 apiece. Leading miscellaneous industrials trended harder, Glaxo improving 4 to 228p and Beecham 2 to 141p.

Motor Components were steadier than of late. Dowty added 3 to 198p, while Dunlop regained an early fall of a penny to close at 80p. Flight Refuelling continued to make good progress on strong speculative support and improved 7 for a three-day gain of 23 at 239p.

Buyers were again seen for Newspapers. Daily Mail "A" added 10 more to 525p, Associated 6 to 332p and News International 5 to 180p. Regional issues also took on a firmer stance with United 5 up at 195p and East Midland Allied Press "A" a couple of pence better at 77p. Elsewhere, John Waddington, a dull market recently, found support in front of next Tuesday's annual results and closed 4 better at 114p.

Drawing strength from the level of acceptances to the company's £108m rights issues, Land Securities touched a 1980 peak of 338p before settling for a gain of 11 at 336p. Other Properties met selective support, MEPC adding 3 to 213p, Hammerson "A" 10 to 460p, and British Land 1½ to 83½p.

Lasmo up again

Among Oils, Lasmo opened higher following overnight business, but encountered selling at the enhanced level before fresh demand left the price 30 higher on balance at 830p. Tricentrol finished firmer at 400p after comment on the half-yearly figures, while IC Gas edged up 6 more to 904p on the results and proposed scrip issue.

Down 13 on Tuesday following the surprise £28.5m rights issue, S. and W. Berisford attracted support and rallied 8 to 154p.

Active Australians

Mining markets were again dominated by intense speculative activity in Australian issues, which staged a fresh advance in the wake of the strength of overnight domestic markets before coming under fairly sizeable profit-taking in the after-hours' business.

Greenvale Mining gained 12 to 167p, after 178p, Monarch Petroleum 8 to 52p and Spargos Exploration 6 to 36p, after 40p. West Coast Minerals advanced 8 to 24p and Swan Resources 3 to a 1980 high of 98p.

Gold Mines of Kalgoorlie put on 6 to a 1980 high of 464p, Poseidon edged up 3 to 227p, North Kalgurli added a penny to 101p and Allstate rose 15 to 100p.

On the other hand, Valiant Consolidated closed a net 5 cheaper at 100p, after having been 110p in the early trading, and Otter closed unaltered on balance at 110p, after 117p.

Elsewhere in Australians, the London-registered Hampton Areas slipped 5 to 375p despite the increased profits and dividend and proposed scrip issue.

Financials moved ahead, reflecting the strength of the bullion price and the recent gains in copper prices, the latter following the U.S. copper miners' strike.

Selection Trust, the subject of heavy U.S. buying on Tuesday evening, advanced a point to £12, after a 1980 high of £12¼, while Rio Tinto-Zinc were well supported and finally 10 firmer at 440p, after 443p. Charter, which touched a 1980 high of 212p in late trading on Tuesday, closed 3 up at 205p.

Heavy overnight American buying coupled with the buoyant free market platinum price prompted a gain of 21 to 241p, after 245p, in Rustenburg.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	360	10	3	40	—	58	—	366p
BP	390	8	—	26	9	38	—	"
Com. Union	140	14	28	20	10	95	—	150p
Com. Union	160	2½	—	9	32	14	20	"
Cons. Gold	390	156	10	—	—	—	—	544p
Cons. Gold	460	86	3	113	3	125	—	"
Cons. Gold	500	46	24	82	3	25	—	"
Cons. Gold	560	13	46	44	78	63	7	"
Courtaulds	60	92	1	25	—	97	1	82p
Courtaulds	70	12	35	15	49	18	23	"
Courtaulds	80	4½	25	9	121	12½	10	"
GEC	330	69	—	79	1	25	—	394p
GEC	360	39	2	54	—	71	—	"
GEC	390	17	6	36	8	61	—	"
GEC	420	5½	—	21	4	65	—	"
Grand Met.	160	4	10	11½	65	17½	—	154p
Land Secs.	293	45	16	82	3	70	—	337p
Land Secs.	393	16	41	35	68	49	—	"
Land Secs.	353	4	4	12	1	32	—	"
Marks & Sp.	90	3	—	9	6	12	—	89p
Shell	320	17	1	32	—	44	1	400p
Shell	420	4	6	18	2	28	8	"
Totals			322		467		68	
		August		**November**		**February**		
Imperial Gp.	80	5	58	7½	10	11	—	83p
Imperial Gp.	00	1½	—	3½	—	6	1	"
Lonrho	80	25	—	92	3	30	—	105p
Lonrho	100	10	10	14	7	18	5	"
Lonrho	110	5½	3	2	15	13	—	"
P. & O.	100	19½	—	24	—	25½	2	115p
P. & O.	110	10	—	16	1	18	—	"
P. & O.	120	5½	2	10½	—	13	—	"
Racal Elec.	220	42	1	55	—	66	—	959p
Racal Elec.	260	14	3	97	—	38	—	"
Racal Elec.	280	6	5	16	—	98	—	"
RTZ	390	53	50	73	1	23	—	439p
RTZ	420	35	7	50	4	70	—	"
RTZ	460	15	50	28	44	—	—	"
Totals			199		85		8	

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed., July 2, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., July 1 Index No.	Mon., June 30 Index No.	Fri., June 27 Index No.	Thurs., June 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	250.01	+0.3	17.93	6.45	6.82	249.31	252.88	253.53	254.87	244.66
2	Building Materials (28)	241.88	+0.5	19.18	6.87	6.18	240.63	242.58	244.85	248.07	228.32
3	Contracting, Construction (27)	363.95	−0.4	25.36	6.72	4.70	365.51	369.85	371.16	372.80	365.35
4	Electricals (16)	678.16	+0.1	12.57	3.58	10.24	677.32	692.63	688.56	692.73	533.52
5	Engineering Contractors (11)	305.14	—	22.25	8.49	5.64	305.08	305.64	306.38	306.06	324.88
6	Mechanical Engineering (74)	166.76	+0.4	19.17	7.92	6.39	166.11	168.01	169.43	169.56	182.80
8	Metals and Metal Forming (16)	162.41	+0.7	22.37	10.45	5.36	161.23	163.10	163.68	163.86	166.07
	CONSUMER GOODS										
11	(DURABLE) (49)	217.07	+0.1	14.98	5.92	8.19	216.91	219.18	219.08	221.80	230.29
12	Lt. Electronics, Radio, TV (14)	320.56	+0.3	11.46	4.24	11.12	319.61	323.52	323.12	327.46	315.41
13	Household Goods (14)	99.15	−0.1	26.02	10.66	4.71	99.27	98.71	98.56	98.73	160.57
14	Motors and Distributors (21)	98.11	−0.6	23.55	10.12	4.93	98.68	99.51	99.74	100.89	116.77
	CONSUMER GOODS										
21	(NON DURABLES) (172)	226.68	+0.1	18.29	7.08	6.60	226.45	227.98	227.53	229.41	235.40
22	Breweries (14)	281.99	+0.6	15.87	6.48	7.42	280.43	283.84	284.53	287.76	277.74
23	Wines and Spirits (5)	296.02	—	18.40	6.31	6.69	296.02	296.42	298.20	295.62	306.50
24	Entertainment, Catering (17)	329.73	+0.3	17.51	6.77	7.08	328.80	334.08	332.51	334.76	318.37
25	Food Manufacturers (21)	205.97	+0.8	19.52	7.24	6.03	204.41	203.77	204.55	205.98	204.26
26	Food Retailing (13)	324.47	−0.1	13.01	4.88	9.17	324.74	327.13	327.44	329.79	298.85
32	Newspapers, Publishing (13)	445.98	+1.4	21.41	6.56	6.31	439.77	446.41	441.75	439.43	429.57
33	Packaging and Paper (15)	129.23	+1.0	27.87	10.13	4.16	127.97	129.41	130.25	131.36	128.64
34	Stores (42)	216.75	−0.9	14.17	5.69	9.09	218.64	221.90	220.52	222.98	241.16
35	Textiles (24)	133.46	+0.3	24.35	11.64	5.01	133.03	131.39	130.50	129.61	160.76
36	Tobaccos (3)	220.10	+0.5	27.71	10.52	4.09	219.09	217.12	214.83	218.78	237.14
37	Toys and Games (5)	27.39	+0.8	44.39	13.92	2.61	27.19	27.19	27.54	27.54	72.42
41	OTHER GROUPS (99)	217.51	+0.8	17.11	7.08	6.94	215.84	217.55	216.72	216.98	202.63
42	Chemicals (16)	315.50	+0.6	19.67	7.64	5.83	313.49	316.81	316.45	315.94	278.83
43	Pharmaceutical Products (7)	219.36	+1.4	11.64	6.30	10.58	216.40	219.11	216.79	217.22	218.89
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (60)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (492)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., July 2	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.89	+0.44	—	5.18
2	5-15 years	111.16	+0.71	—	6.77
3	Over 15 years	114.75	+0.76	—	7.39
4	Irredeemables	130.17	+0.46	—	7.24
5	All stocks	110.22	+0.63	—	6.37

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Wed., July 2	Tues., July 1	Year ago (approx.)
1	Low Coupons	5 years	11.82	11.94	10.26
2		15 years	11.82	11.94	10.80
3		25 years	11.82	11.94	10.99
4	Medium Coupons	5 years	13.16	13.38	11.97
5		15 years	13.34	13.46	12.05
6		25 years	13.05	13.16	12.08
7	High Coupons	5 years	13.27	13.45	12.40
8		15 years	13.69	13.80	12.40
9		25 years	13.72	13.84	12.37
10	Irredeemables		11.25	11.30	10.64

		Wed. July 2 Index No.	Yield %	Tues. July 1	Mon. June 30	Friday June 27	Thur. June 26	Wed. June 25	Tues. June 24	Mon. June 23	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.00	13.98	52.90	53.00	53.00	53.01	52.74	52.75	52.76	57.85
16	Investment Trust Prefs. (15)	49.52	13.66	49.34	49.34	49.46	49.46	49.05	48.42	48.42	51.47
17	Coml. and Indl. Prefs. (20)	64.46	13.90	64.35	64.38	64.28	64.38	64.70	64.59	64.41	68.61

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	8	830	+30	830	337
European Ferries	25p	7	176½	+ 5	176½	98
Hay's Wharf	£1	7	272	+32	274	117
Bass	25p	6	224	+ 4	238	188
Charter Cons.	2p	6	205	+ 3	212	134
Imp. Cont. Gas	£1	6	904	+ 6	904	593
Premier Cons.	5p	6	107	+ 4	107	39½
RTZ	25p	6	440	+10	485	327
Selection Tst.	25p	6	£12	+ 1	£12¼	586
Courtaulds	25p	5	81	+ 1	82	64
Grand Met.	50p	5	154	+ 1	157	120
Hambro Life	5p	5	230	+ 9	230	112
ICI	£1	5	378	+ 2	402	348
Lloyds Bank	£1	5	320	+ 2	332	277
P & O Defd.	£1	5	115	+ 1	125	105

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6
Jul. 7	Jul. 18	Oct. 9	Oct. 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Grand Metropolitan, Woodside, Hampton Industries, LRC, Ladbroke, Comfort Hotels, Chloride, Premier Oil, Endeavour, Coral Leisure, Lasmo, Offshore, Group Lotus, Candecca, FNFC, North Kalgurli, Vickers, Poseidon, Dunlop, BSR, Lonrho and Minster Assets. Puts were produced in Grand Metropolitan, Lucas and GUS "A," while doubles were arranged in Coral Leisure, North West Mining, Woodside, Rustenburg Platinum and Endeavour.

RECENT ISSUES

EQUITIES

Home Farm Prods [illegible]
Jenkin & Purser [illegible]
Oakwood Group [illegible]
Peerless [illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty.

FINANCIAL TIMES STOCK INDICES

—	July 2	July 1	June 30	June 27	June 26	June 25	A year ago
Government Secs.	69.50	69.09	69.12	69.33	69.47	69.78	[illegible]
Fixed Interest	70.81	70.76	70.70	70.84	70.84	70.82	[illegible]
Industrial	463.6	461.4	464.8	463.5	466.7	465.9	[illegible]
Gold Mines	361.4	354.7	355.5	349.7	346.9	343.6	[illegible]
Ord. Div. Yield	7.76	7.80	7.72	7.73	7.68	7.68	[illegible]
Earnings, Yld. % (full)	18.76	18.86	18.65	18.59	18.42	18.49	[illegible]
P/E Ratio (net) (*)	7.76	6.45	6.52	6.61	6.61	6.68	[illegible]
Total bargains	98,725	22,212	22,805	23,816	21,899	20,268	—
Equity turnover £m.	—	123.70	115.86	154.77	164.34	113.67	[illegible]
Equity bargains total	—	18,134	17,985	19,101	18,526	15,655	[illegible]

10 am 463.0. 11 am 464.8. Noon 465.5. 1 pm 464.9. 2 pm 464.7. 3 pm 464.4.

Latest Index 01-246 8026.

*Nil = 6.03

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compil'n High	Since Compil'n Low
Govt Secs.	70.53 (28/6)	65.85 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.90	64.70	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8	406.9	558.6	49.4
Gold Mines	368.5	442.8	[illegible]	43.5

S.E. ACTIVITY

	July 2	July 1
—Daily		
Gilt Edged	128.5	103.6
Industrials	154.5	105.9
Speculative	56.4	53.4
Totals	83.0	76.2
—5-day Avge.		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1980

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (103)

NEW LOWS (39)

RISES AND FALLS YESTERDAY

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979 based on Tuesday, July 1, 1980.

Mining Finance	+ 41.97
Merchant Banks	+ 41.62
Gold Mines F.T.	+ 32.06
Insurance (Life)	+ 31.51
Hire Purchase	+ 29.87
Shipping	+ 29.04
Property	+ 26.98
Investment Trusts	+ 25.20
Electronics, Radio and TV	+ 24.78
Electricals	+ 23.22
Building Materials	+ 21.44
Entertainment and Catering	+ 20.24
Discount Houses	+ 19.30
Financial Group	+ 18.63
Insurance (Composite)	+ 18.09
Insurance Brokers	+ 17.23
Capital Goods Group	+ 16.82
All-Share Index	+ 16.20
Other Groups	+ 15.31
Oils	+ 14.98
Overseas Traders	+ 14.87
Newspapers and Publishing	+ 14.46
Stores	+ 14.37
500 Share Index	+ 14.02
Consumer Goods (Durable) Group	+ 13.92
Industrial Group	+ 13.77
Chemicals	+ 12.88
Contracting and Construction	+ 12.68
Pharmaceutical Products	+ 11.63
Metal and Metal Forming	+ 11.37
Breweries	+ 11.35
Packaging and Paper	+ 11.04
Consumer Goods (Non-Durable) Group	+ 10.91
Mechanical Engineering	+ 10.90
Food Retailing	+ 10.43
Tobaccos	+ 10.11
Food Manufacturing	+ 7.48
Engineering Contractors	+ 6.05
Textiles	+ 5.86
Banks	+ 4.86
Office Equipment	+ 3.80
Wines and Spirits	+ 0.99
Motors and Distributors	− 4.77
Household Goods	− 15.84
Toys and Games	− 42.87

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mngrs.

Providence Capital Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9

Sterling Bond Fd.	48.2	50.6	−0.2	—
Sterling Equity Fd.	59.4	62.3	−0.6	—
Intnl. Bond Fd.	US$0.98	1.03	−0.01	—
Intnl. Equity Fd.	US$0.99	1.04	+0.01	—

Prices at July 2. Next dealing July 9.

Quest Fund Mngmnt. (Jersey) Ltd.

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man 0624 23914

The Coin Trust	106.9	112.5		—

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494

[illegible]

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100½	97⅞	Exchequer 13pc 1980‡‡	99⅞	......	13.08	14.33
99⅞	96½	Treasury 11½pc 1981‡‡	98⅞xd	......	11.65	14.10
94⅝	90½	Treasury 3½pc 1979-81	94	......	3.72	13.80
97⅞	93⅞	Treasury 9¾pc 1980‡‡	97⅛	+⅜	10.03	13.80
96¼	91¼	Exch. 8¼pc 1981	95½	+⅜	0.63	13.45
96⅝	92¼	Exch. 9½pc 1981	96½xd	+¼	9.83	13.53
92⅝	85½	Exch. 3pc 1981	91⅞	......	3.28	11.28

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
90½	82¼	Aust. 5½pc '81-82	89½	......	6.23	13.22
81½	72½	Do. 6pc 1981-83	80½	......	7.48	15.38
64	58	N.Z. 7½pc 1988-92	63½xd	+¼	11.42	13.46
78¼	72	Do. 7½pc '83-86	77¼xd	......	9.73	13.20
96¼	83	Sth. Africa 9½pc '79-81	95¼	......	10.14	14.20
160	107	Sth. Rhod. 2½pc '65-70	152½	......	—	—
169	133	Do. 6pc '78-81	167½	......	—	—

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
14¼	925p	Hud.B.Oil G. $2½	12¼	......	h57½	—	1.8
21⅞	13⅛	Imperial Oil‖	15⅞	......	$1.40	—	3.1
14	855p	Inco‖	925p	−10	72c	—	2.9
565p	425p	Int. Nat. Gas $1	520p	+10	$1.00	—	7.5
455p	275p	Massey Ferg.‖	355p	......	—	—	—
200p	160p	Place Gas $1	130p	......	—	—	—
14⅞	10⅞	Rio Algom	21⅞	......	$1.50	—	4.8
13⅞	10⅞	Royal Bk. Can. $2	15⅞	......	$2.40	—	4.9
25⅛	15⅛	Seagram Co. C$1	22⅞	......	$US1.10	—	2.2
11½	895p	Tor. Dom. Bk. $1	10¼	......	$1.36	—	4.8
10½	815p	Trans Can. Pipe	870p	......	$1.16	—	5.0

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Hire Purchase, etc.

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BUILDING INDUSTRY, TIMBER AND ROADS

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CHEMICALS, PLASTICS

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FOOD, GROCERIES—Cont.

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INDUSTRIALS (Miscel.)

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هكذا من الأصل

هكذا من الأهل

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[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

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Commercial Vehicles

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Components

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Garages and Distributors

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RUBBERS AND SISALS

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TEAS

India and Bangladesh

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Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

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Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
120	79½	Anglo-Dominion	135	......	—	—	—
97	56	Barymin	56	......	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
502	308	Cons. Murch. 10c.	340xd	+20	MQ100c	1.8	16.8
180	125	††Hemerdon 10c.	125	......	—	—	—
585	325	Northgate C$1	420	+10	—	—	—
485	327	R.T.Z.	440	+10	15.0	3.2	4.9
33	16	Robert Mines	23	......	—	—	—
58	26	Sabina Inds. C$1.	29	......	—	—	—
51	44	††SWCM 10p	48	−1	—	—	—
650	411	Tara Exptn. $1	445	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◊ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- II No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	30	......
Bertam	16	......
Edg'wtr. Est. 50p	415	......
Clover Croft	68	......
Craig & Rose £1	£30½	......
Fife Forge	32½	......
Finlay Pkg. 5p	15	......
Graig Ship. £1	£15	......
Higsons Brew.	75	......
Holt (Jos) 25p	250	......
I.O.M. Stm. £1	198	......
Pearce (C. H.)	455	......
Peel Mills	40	......
Sheff. Refrshmt	103	......
Sindall (Wm.)	143	......

IRISH

Conv. 9% '80/82	£90¾	......
Nat. 9¾% 84/89	£76½	......
Fin. 13% 97/02	£90¾	−⅛
Alliance Gas	48	......
Arnott	345	......
Carroll (P.J.)	57	......
Clondalkin	117	......
Concrete Prods.	75	......
Heiton (Hldgs.)	32	......
Ins. Corp.	246	......
Irish Ropes	45	......
Jacob	32	......
T.M.G.	90	−4
Unidare	80	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BGC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	25	Brit. Land	7
Beecham	18	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lots"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	27	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	0	Brit. Petroleum	32
Courtaulds	3	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7¼	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	16
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	0-
Guardian	23	Thorn	23	Rio T. Zinc	38
G.K.N.	20	Trust Houses	12		
Hawker Sidd	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Thursday July 3 1980

'NO SUBSTANCE' IN LABOUR MP's BRIBERY ALLEGATIONS

Rolls-Royce clears executive

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

MR. FRANK TURNER, the Rolls-Royce executive alleged by Mr. Jeff Rooker, MP, to have taken bribes in return for placing machine tool orders with an Italian company, has been cleared by a Rolls-Royce investigation.

Rolls-Royce has sent the investigation report to Sir Keith Joseph, Industry Secretary, for a decision on whether to publish it. Mr. Rooker has refused to comment on the company's findings, either in Parliament or outside.

Mr. Turner yesterday again called on Mr. Rooker to withdraw his charges, as did some of Mr. Rooker's fellow Labour MPs. Mr. Phillip Whitehead, MP for Derby North, said: "After looking at this report, I think it is now incumbent on Mr. Rooker to make a personal statement, either withdrawing or explaining, with more evidence and sources, why he persists in allegations which Rolls-Royce has refuted."

Mr. Walter Johnson, MP for Derby South, said he had had no reply to his request to Mr. Rooker for an explanation as to why he raised a matter concerning Mr. Johnson's constituency without consultation. "I find his conduct throughout the whole affair reprehensible."

Rolls-Royce began its investigations immediately after Mr. Rooker made the allegations in the Commons two weeks ago. It recalled Mr. Turner from a business trip in the U.S.

The investigation was headed by Mr. Ashley Raeburn, vice-chairman. It involved questioning Mr. Turner; all those in Rolls-Royce who are closely connected with the purchase of machine tools; representatives of John Brown (the parent company of Webster and Bennett, the company which lost the orders to Italy), Webster and Bennett; Industrial Sales (the UK selling agents for Morando, the Fiat subsidiary which won the orders); and personal acquaintances of 37-year-old Mr. Turner.

Mr. Turner's personal financial situation, and that of his wife and children, were also investigated.

The conclusion formed by Mr. Raeburn about Mr. Turner is that he is a man "who works hard, and plays hard." But there was absolutely "no substance" in Mr. Rooker's bribery allegations.

Rolls-Royce is awaiting delivery of nine Morando machine tools, valued at nearly £1.5m. Two are for the Derby factory, two for Barnoldswick in Lancashire, and five for the aero-engine factory which Rolls-Royce is building in Miami. The group has 14 other Morando machines already working.

The Morando machines were chosen in preference to Webster and Bennett, says Rolls-Royce, because they alone could meet the technical requirements for the fast cutting of a new, tough alloy, which has been introduced recently.

Tests are still being carried out by Rolls-Royce engineers on Webster and Bennett machines at its Coventry factory to see if they can be adapted and improved to meet the Morando specifications. Rolls-Royce repeated yesterday that its policy is to buy British "if the right product is available at the right time and the right price."

Trade union representatives on the Coventry machine tool committee, who were in contact with Mr. Rooker before he made his allegations, would not comment yesterday on the Rolls-Royce findings. There is growing concern in the Coventry area about the contraction of the machine tool industry, and the number of imported machine tools which are being bought by British industry.

Richard Evans writes: A group of Conservative MPs is to seek a Commons investigation into Mr. Rooker's allegations if he does not retract in the next few days.

Mr. Peter Rost, Mr. Turner's MP, has drafted a Commons motion, which he intends to table on Monday. It will propose that Mr. Rooker's action in accusing Mr. Turner, under privilege, of a criminal offence, should be referred to the Committee of Privileges.

It is by no means certain that the motion will succeed. There will have to be sufficient pressure for it to be debated by the Commons, and then there would have to be a vote. If the matter is sent to the committee, the subsequent recommendations would also have to be put to a Commons vote.

Four quit after BL inquiry

By Kenneth Gooding, Motor Industry Correspondent

FOUR EMPLOYEES of Austin Morris, the BL volume car subsidiary, have resigned following an investigation into allegations of bribery at the Longbridge site.

The allegations came from one of the sub-contractors who worked on the re-development of Longbridge in preparation for production of AM's new car, the Metro, due to be launched in October.

According to AM, relatively small sums of money were involved. The employees were not senior managers but two were engineers and two were supervisors.

AM first heard of the allegation three weeks' ago and an immediate investigation was started. It lasted five days.

The employees resigned on June 24.

Prior considers 'social aid' for some jobless

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MR. JAMES PRIOR, the Employment Secretary, is considering how to relieve some of the social pressures of the recession by providing help for the worst cases of unemployment such as school leavers and those who are out of work for a long period of time.

This emerged at a meeting yesterday of the National Economic Development Council which also showed that Ministers and leaders of both sides of industry are beginning to develop a wide-ranging dialogue on the country's economic problems, including the question of wage rises.

The unemployment problem was raised by Mr Prior during a debate on the economic impact of North Sea oil. He said there was a need to relieve the "worst social pressures" without abandoning the Government's basic policies which were "industrially right."

There was a need to help the long-term unemployed and the school leaver and, perhaps, to help create jobs by making it attractive for people nearing retirement age to go early.

Leaders of the Confederation of British Industry, who are worried about the social as well as the industrial damage that present economic policies might create, enthusiastically backed Mr Prior's idea.

The subject is now to be debated at the next meeting of the council in a month's time with the approval of Sir Geoffrey Howe, Chancellor of the Exchequer, who is chairman of the council meetings.

Since the middle of last year, the Government has been pruning back the amount of State aid devoted to creating and protecting employment, which was budgeted by the last Government at £500m for 1979-1980.

Mr. Prior clearly realises that he would have difficulty gaining Cabinet support for any schemes that significantly increased public expenditure and he will now have to see what alternatives can be devised.

During the meeting the CBI repeated its calls for interest rates to be brought down and for the national insurance surcharge to be abolished in order to reduce pressures on companies.

The acceptance of the NEDC as a forum for wide-ranging economic debates has been strengthened at recent meetings when the TUC has not objected to the issue of pay and its impact on the economy being mentioned. But it has been raised only in general terms, not as part of any possible policy of restraint.

NEDC papers, Page 5

BR 'will exceed its cash limits by £40m'

BY PHILIP BASSETT

BRITISH RAIL is likely to exceed its cash limits by £40m-£50m this year unless action is taken.

Sir Peter Parker, chairman of British Rail, made clear yesterday that this could only be avoided by plotting a careful course between the options of raising fares, improving productivity and selling off assets.

British Railways' board members now recognise that, without some combination of these three steps, expenditure will exceed the £750m income available from the passenger service grant, BR Pension Fund support and the industry's borrowing limit.

He told the annual conference in Guernsey of the National Union of Railwaymen that the recent nosedive in industrial activity had meant that BR's high hopes for the freight business this year were "sinking fast." He said: "We are back in trouble. That is the hard news."

Passenger business had also shrunk from exceeding budgeted expectations to last month only meeting them. A further fall in business could be expected.

The board has not decided so far whether to raise fares again this autumn, though a meeting of the board today will be presented with a range of papers listing likely options for the increases. Fares were last increased in January by 20 per cent. Sir Peter said the position depended on fuel cost movements, inflation, the level of business activity and disposable income.

He made a strong appeal to the NUR and the other rail unions not to default on their commitments to improve productivity, particularly in freight, parcels and administration which the board considered was crucial to the recent signing of a 20 per cent pay deal for its 180,000 main line workers.

The chairman said that the sale of BR assets—which is likely to include parts of British Transport Hotels, Sealink and the British Railway's Property Board—was "a short term survival plan" to enable the industry to remain within its borrowing limits.

Last year, BR scraped home to stay within its £715m cash limit by only £1m. It only achieved that by with-holding the consolidation of the outstanding £2.00 of a supplement into railway workers' pay packets and halting plans to lay 36 miles of high quality continuously welded rail-track on a number of routes.

Sir Peter is not keen, though, to press for a relaxation of the cash limit. He is worried that a decision to seek further Government funds in the short term would damage the credibility of the board's cases for the Channel Tunnel, the Advanced Passenger Train and greater investment in the industry in general.

Continued from Page 1

Gas

Deutsche BP, which had held separate discussions in Moscow on the gas project, is now expected to join the main consortium, which also includes Thyssen-Gas and BEB, jointly owned by Shell and Esso.

The negotiations over the coming months—it is hoped on both sides that an agreement can be reached by the end of the year—are clearly going to be difficult. It is not yet clear, for example, what interest rate the Russians will have to pay—a matter which proved sensitive during recent Japanese pipe sales negotiations with Moscow. Nor is it clear whether the consortium will be prepared to link-up some of the more remote areas in Siberia as the Soviet Union wishes.

A further complication could arise with pipe deliveries. At present, piping will be partly standard large diameter capable of withstanding 75 atmospheres pressure. But part of the deal may include new pipes which can take 100 atmospheres of pressure. These are a relative innovation and may thus arouse the suspicions of the U.S. which could well feel that this part of the deal falls into the list of prohibited exports to the USSR.

Other elements in the 25-year economic agreement, initialled in Moscow this week, may also raise some eyebrows in Washington. The guidelines provide, for example, for co-operation in joint development of nuclear for peaceful purposes.

Zimbabwe £22m debt dropped

BY BRIDGET BLOOM AND DAVID TONGE

THE BRITISH Government is to write off £22m owed by Zimbabwe and will reschedule a further £33m for repayment over 10 years at a low interest rate.

The debt settlement, details of which were announced yesterday in Parliament following a Treasury statement on Friday that agreement had been reached, covers about £100m worth of debt incurred by Rhodesia before the Smith regime illegally declared independence in 1965.

The remaining £50m is owed to the estimated 15,000 holders of Southern Rhodesia bonds. Details of the settlement terms for the bondholders will not be announced for another week or two, says the Council of Foreign Bondholders in London.

The debt settlement, the result of extensive talks between British and Zimbabwean officials over the past two months, is seen by the government as an important element in a British-led international effort to aid Zimbabwe following its independence last April.

It was welcomed in Salisbury by Mr. Enos Nkala, the Finance Minister, who said it would strengthen Zimbabwe's capacity to raise finance for much needed development in international markets.

But in London yesterday, Lord Carrington, the Foreign Secretary, told a Commons select committee that he was "very disappointed" at the slow response of Western governments to Zimbabwe's aid needs.

Britain has pledged about £75m for a three-year aid programme, while the U.S. has offered £14m over the same period.

The total amount of Western aid pledged so far is apparently less than £150m, which Salisbury officials compare wryly with the promises of a Western financed development fund of $1bn made at the time of the Kissinger initiative in 1976.

Continued from Page 1

Oil

a barrel, is $4 below the ceiling agreed by OPEC for the price of Persian Gulf crudes.

In Algiers yesterday, members of the Organisation of Arab Oil Exporting Countries (OAPEC) agreed on the need to co-ordinate an alignment of natural gas prices with comparable rates for crude oil.

The resolution, which came at the end of a three-day symposium, is seen in the oil industry as a victory for Algeria which has been negotiating price increases—with a number of liquefied natural gas customers in Europe and the U.S.

New steel strategy urged

BY CHRISTIAN TYLER, LABOUR EDITOR

THREE of the British Steel Corporation's big coastal plants may have to be shut and the corporation's capacity cut by up to half again unless there is a complete reversal of strategy, the industry's biggest union warns today.

The Iron and Steel Trades Confederation, in a detailed study of BSC's problems, argues that the only solution is to cut prices by an average 10 per cent and retrieve the loss by operational savings or Government subsidies.

Its alternative strategy, "A new deal for steel," will be sent today to the Prime Minister, to Sir Keith Joseph, Industry Secretary, and to Mr. Ian MacGregor, the new chairman of BSC, whom the steel unions are due to meet later today.

The union believes BSC is cutting back too far and will be unable to profit from the growth in world steel demand and a possible world shortage.

The ISTC document, which itemises both the operational savings and the kinds of subsidy that could be applied, is designed to prevent any more plant closures. It says Port Talbot and Llanwern in South Wales both recently cut back, and Scunthorpe on the east coast, might have to close.

Details, Page 7

Italy in bid to bolster economy

By Rupert Cornwell in Rome

THE ITALIAN Cabinet last night met to approve a major package of predominately fiscal measures to stabilise the economy, bolster industry's competitiveness and help shore up the lira.

The package has been the subject of almost non-stop discussion between Government, trade unions and industry in the past few days. Its main features were expected to be a substantial reduction in the social security charges borne by industry, and an increase in indirect taxation.

But it became clear last night that Sig. Francesco Cossiga's three-party coalition had bowed to intense union pressure and dropped plans for a partial freeze on the inflationary automatic wage indexation mechanism, the "sea mobile."

Taking over part of the social security bill for employees now met by individual companies may cost the Treasury an estimated extra L2.5bn (£1.26bn). Its purpose is to help reduce labour costs, enabling industry to price its goods more competitively both at home and abroad.

This is designed to slow the rapid advance in imports and increase exports, to reduce the record trade deficit and strengthen the lira.

The Cabinet is expected to authorise special extra State spending of L3.100bn of which L1.000bn is for the State industries, L1.000bn for the depressed south, and L500bn for the effectively bankrupt Societa Italiana Resine chemicals group.

SIR warned last month it would have to close all its plants in the already depressed Island of Sardinia for lack of funds to pay workers and buy raw materials. An injection of funds would clear the way for ENI, the state energy group, to take over the SIRs industrial management for at least a trial period of one year.

To keep the public sector borrowing requirement for 1980 within the scheduled ceiling of L40.500bn the Cabinet was expected to approve measures to boost tax revenues.

The clampdown on tax evasion is expected to net about L1.500bn in extra revenue. In addition, value-added tax levies are being stepped up on a wide range of goods, and other indirect tax and public sector tariff increases are predicted.

The Government appeared to have secured union approval for a special levy on workers, equivalent to 0.5 per cent of gross monthly salaries.

Weather

UK TODAY

Mainly dry with sunny intervals.

London, N.E., S.E., C., S.N., C.S., England, E., W. Midlands, Channel Islands, Lake District

Mainly dry, sunny periods. Max. 20C (68F).

E. Anglia, E., N.W. England, Borders

Mainly dry, sunny intervals, showers near coasts. Max. 19C (66F).

S.W. England, S., N. Wales

Mainly dry, sunny intervals. Max. 18C (64F).

S.W., N.W. Scotland, Isle of Man

Cloudy, occasional showers. Max. 17C (63F).

Outlook: Rain spreading from the West to many areas.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
L. Plms	S	24	75	Lisbon	S	27	81
Jersey	F	15	59	Locarno	F	22	72
Jo'burg	S	11	52	London	S	19	66
Ajaccio	C	20	68	Luxmbg	C	12	54
Algiers	S	28	82	Luxor	S	44	111
Amsdm	F	17	62	Madrid	S	30	86
Athens	S	28	82	Majorca	C	24	75
Bahrain	S	36	98	Malaga	S	28	82
Barclna	C	18	64	Malta	S	30	86
Beirut	S	29	84	M'chstr	F	18	64
Belfast	C	13	55	Melbne.	R	11	52
Belgrd	C	18	64	Milan	S	25	77
Berlin	C	18	64	Montreal	C	20	67
Biarritz	S	18	64	Moscow	C	22	72
Bmghm	F	18	64	Munich	C	11	52
Blackpl	S	16	61	Nairobi	C	20	67
Bordx	C	18	64	Naples	F	23	73
Boulgn.	C	16	61	Nwcstl	C	15	59
Bristol	C	17	63	N. York	S	27	81
Brussels	C	15	59	Nice	S	22	72
Budpst	F	19	66	Oporto	S	22	72
B. Aires	S	10	48	Oslo	C	17	63
Cairo	S	38	100	Paris	C	17	63
Cardiff	C	15	59	Perth	R	15	59
Cas'b'ca	F	22	72	Prague	F	13	55
Cape T	S	16	61	Reykjvk	C	10	50
Chicago	S	22	72	Rhodes	S	28	82
Cologne	C	16	61	Rio J'o	C	22	72
Cophgn.	R	14	57	Rome	F	23	73
Corfu	S	26	79	Singapr	C	25	77
Dublin	C	15	59	Stckhm	F	21	70
Dbrvnk	C	24	75	Strasbg	C	13	55
Edinbgh.	F	17	63	Sydney	C	16	61
Faro	S	28	82	Tangier	S	24	75
Frankft.	R	14	57	Tehran	S	26	80
Funchal	C	18	64	Tel Aviv	S	28	82
Geneva	C	14	57	Tenerife	C	19	66
Gibrltr	S	24	75	Tokyo	R	17	63
Glasgow	C	16	61	Toronto	S	25	77
G'nsey	F	15	59	Tunis	S	30	86
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C—Cloudy F—Fair Fg—Fog R—Rain S—Sunny Sl—Sleet Sn—Snow

THE LEX COLUMN

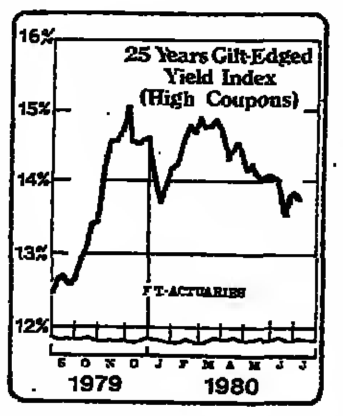
Engulfing another gilt-edged tap

Throughout yesterday morning the gilt-edged market was plucking up the courage to mount an assault on the remnants of the long tap, Treasury 13 per cent 2000. The stock was eventually swallowed up just after one o'clock, a time when normally no one but the odd jobber is left on the Stock Exchange floor. The market seems to have recovered thoroughly from last week's bout of profit-taking, and in its present mood would probably be strong enough to contemplate the issue of yet another partly-paid stock—there are already four in existence. It seems more likely, though, that the authorities will wait for at least another week.

Assuming the short/medium tap is sold out soon, the market has to find about £2.5bn between now and September to meet outstanding calls on partly-paid stocks. The domestic funds may have to produce more than their fair share if the foreign buyers who have been conspicuous recently turn out to be loose holders. In any case, the strong flow of dividend payments this month is already spoken for.

Gilt-edged prices have now returned almost to their peak of a week ago, and the market is discounting a good four-point cut in Minimum Lending Rate. But unless next week's banking figures are good enough to allow an early fall, the market may begin to lose momentum. In which case traders—as opposed to the investing institutions—might once again find the costs of carrying a bond portfolio prohibitively high. There is also the danger that a cut in MLR might be the signal for substantial profit-taking by foreign holders of stock. For the moment, though, the market's almost ghoulish exhilaration at the prospective depth of the UK recession is carrying all before it.

Index rose 2.2 to 463.6



Daimler-Benz

Already under pressure from mounting Japanese competition, the German car industry has seen demand lurch downwards in the past couple of months. Registrations in May were 12 per cent down on those for April and one-fifth down on their level a year earlier. Yet share prices for the sector have, as a group, outperformed the German stock market so far this year and have ignored the gathering storm.

Daimler-Benz has a track record as the most recession-proof of the German car makers and at the annual meeting yesterday the management said that the company's cushion of existing orders would allow turnover to rise by 10 per cent this year and ensure full employment in the car plants next year as well.

Nevertheless it seems that even the remorseless rise of Daimler's earnings will be interrupted this year. It is already clear that the 3.7 per cent rise in Daimler car prices earlier this year will not match the rise in costs. Further adjustments must prove difficult. Profits are also expected to suffer from a jump in the depreciation charge. The company says it is still looking for "satisfactory" earnings but, the way things are developing, it will do well to match the DM 50 per share which it achieved in 1979, or to increase the current cash dividend of DM 10 per share. The shares are 30 per cent down on the heady level reached before the second "oil shock" and although they have bounced back recently they may lose ground again as the recession in the German car market deepens.

Granada

It is small wonder that independent television companies are spending heavily on programmes to help their franchise applications. Granada has pushed TV earnings up despite this expenditure and a damaging strike, from which advertising revenue took months to recover. UK rentals showed only a small improvement but the group has a 9½ per cent price rise behind it and the depreciation charge on rentals is falling. So, with TV advertising holding up, the full year could well produce profits of £45m against £39m last time.

Thereafter, the going may get tougher. TV advertising, motorway services, cinemas and bingo are all sensitive to the recession and pressure on margins will coincide with a spending bulge by the company.

Granada needs to prepare for the second ITV channel and must also restock its TV rental operation. If demand for video-cassette recorders takes off, this will prove a further cash drain. Offsetting this squeeze is a steady stream of income from property and Granada's other investments, which also brighten up an already solid balance sheet. Granada's strongest cards are a high proportion of variable costs and an unusually broad spread of interests. At 175p, the shares trade on around 3.8 times prospective gross cash flow which is higher than for several of Granada's competitors but looks reasonable on a long term view. The yield is almost 4 per cent, assuming a 15 per cent rise in the overall dividend.

£/$ Convertible

A rare financial instrument made its debut yesterday—a eurosterling bond convertible into U.S. dollar shares. The sterling/dollar convertibles issued in the early 1970s were mainly placed or offered for sale in London, but this issue—from Kollmorgen Corporation—will come in bearer form and be syndicated across Europe. Following the recent Daiei sterling convertible, this underlines the increasingly international flavour of the London capital markets.

One attraction for the investor is that the conversion exchange rate is fixed at the date of issue. So this provides a currency hedge in a company with a fashionable story to tell. Kollmorgen's main business is in electronic interconnectors, motors and controls and electro optical instruments, and its earnings have doubled since 1976. The conversion premium over the current price of the equity will be about 15 per cent, but then the yield on the shares is under 2 per cent compared with 8 per cent or a bit more on the bond.

That may be half a point more than the borrower would have had to pay for a dollar issue. But a planned UK acquisition may mop up a quarter of the proceeds, and Kollmorgen has other European assets which it wants to match for U.S. accounting purposes. Since the company does not think that the relevant accounting standard, FAS 8, will last for much longer in its present shape, it is not concerned about the fact that conversion of the bond would leave it unmatched again.

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